FORECAST '84

Will late '83 rebound continue?—Pp. 61-75

Nation's

Restaurant News®

The Newspaper of the Food Service Industry

Vol. 18, No. 1 | Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year | January 2, 1984

All Woolworth Burger King units will offer direct access from the store as well as street entrances.

Woolworth unveils 1st in-store BK unit

By Roman Czajkowsky

NEW YORK—In a far cry from its old-fashioned but still ubiquitous lunchcounters, Woolworth last month opened its first breezily efficient Burger King restaurant.

It is the first of dozens more to come at Woolworths across the country, though many will be initially built in the New York Metro Area.

Like the just-opened unit in downtown Manhattan, a stone's throw from the recently rejuvenated South Street Seaport, all future Woolworth Burger Kings will be located adjacent to the department stores, though they'll offer direct access to them in addition to having a separate street entrance.

Unlike the department stores, the Burger Kings will be open

(Continued on page 130)

Asset management: Thrust of operators' 1984 strategies

By Charles Bernstein

Food-service operators are primed to focus intense 1984 efforts on managing their assets for maximum utilization.

This is likely to mean an even bigger spurt of diversified concepts and spinoffs to widen market share and give the flexibility to shift from one concept to another whenever necessary for a higher investment return. It also should mean accelerated efforts to attain better results on existing units through more new product introductions, remodelings, acquisitions of other chains or units to convert the sites, and selective closings of those units not living up to their potential.

After three years of recession and flat growth, a boom cycle appears in the offing—at least for those operators that can show the ingenuity to maximize their return on assets to offset still-high costs.

The most dramatic trend in this direction is the rapid surge of concept spinoffs that are themselves generating expansion cash and new opportunities. These spinoffs permit the parent company to still control a minority or even majority interest in the new public company created, enable the spinoff chain to establish a separate identity and immediately pay off loans it received from the parent, and often provide expansion capital to everyone involved, through a public offering.

High interest rates and a hot stock market have spurred many of these deals although some feel that if and when the bubble bursts, the spun off chains may be extremely vulnerable.

In the latest such deals, W. R. Grace plans to sell up to 46% of its El Torito Mexican restaurants subsidiary in a stock offering that could be worth $90 million; Trans World Corp. is poised to spin off TWA as a separate entity so it can concentrate on the more profitable Hilton International, Canteen Corp. and Spartan Food operations; Chart House is completing final details of its merger with Godfather's Pizza, and Carlson Companies is spinning off 40% of TGI Friday's in an almost $100 million offering.

(Continued on page 64)

GRACE'S NEW "FAST FOOD"—William Palmer (left), founder and president of T. J. Applebee's, with Lou Neeb, president of W. R. Grace's fast-food division, at opening of latest Applebee's "adult fast food" diversified unit in Atlanta. (Full story, next issue.)

Vicorp acquires 72 dinnerhouses from Ralston-Purina/Foodmaker

DENVER—Vicorp Restaurants is acquiring Continental Restaurant Systems from Foodmaker Inc. for about $60 million, giving Vicorp 72 high-volume dinnerhouses and nearly doubling its annual sales to more than $290 million.

The acquisition, scheduled to be finalized this month, would make Vicorp one of the top 50 food-service chains based on annual sales. It would also complete Vicorp's transformation from a quiet operator of family restaurants into a diversified, growth-oriented company.

By selling its dinnerhouses, San Diego-based Foodmaker will be able to concentrate on its core business, the Jack-in-the-Box fast-food chain. Foodmaker is a wholly owned unit of Ralston-Purina.

For years, Vicorp has operated and franchised the Village Inn Pancake House chain, which has about 200 units. Since it went public about two years ago, Vicorp has been developing three casual theme restaurant concepts. Last May, it acquired 60 Poppin Fresh coffee shops from Pillsbury.

With the acquisition of Continental, Vicorp would get a stable of specialty restaurants with various names, themes and menus, the most attractive of which is the 14-unit Carlos Murphy's, a casual theme dinnerhouse chain specializing in Mexican-style food.

Average unit sales at Carlos Murphy's were $2.6 million last year. Other Continental dinnerhouses, with names such as Hungry Hunter, Stag and Hound, Mountain Jack, Dry Dock, J. Ross Browner, Monterey Whaling Company, and London Opera House, posted average sales of $1.8 million in 1983.

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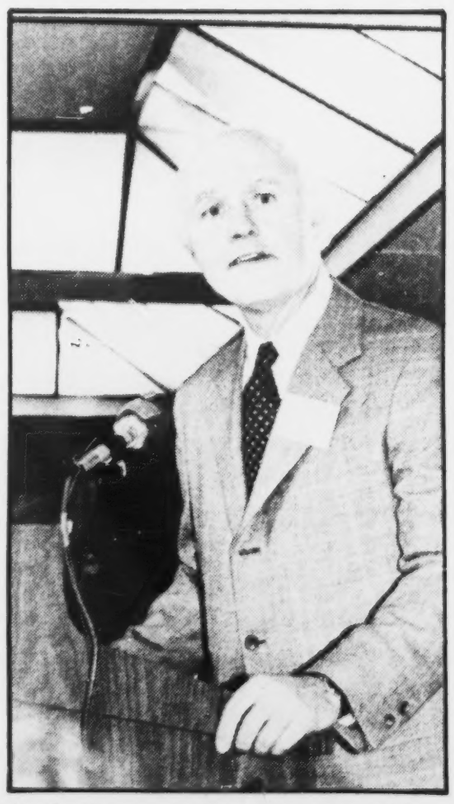
Arby's commits $3.5M to butter up croissant rollout



Arby's president Jeff McMahon unveiled the croissant breakfast program at a conference in New York recently.

By Charles Forman

NEW YORK—Arby's executives last month unveiled the mechanics of a croissant breakfast rollout on which they will spend $3.5 million and which is expected to pit them head-to-head with a similar croissant breakfast rollout by Burger King.

At stake is a growing market for breakfast away from home. The vision of a significant share of this market—and entry into a new day-part—has been increasingly attractive to chains driven by a need to boost unit volumes.

As Atlanta-based Arby's officials appeared here at a Horn & Hardart West 46th Street franchise unit, Arby's president Jefferson McMahon estimated the fast-food-sandwich breakfast business available at between $700 million and $1 billion. He predicted Arby's would do between $35 million and $50 million in systemwide breakfast sales this year.

Arby's croissant breakfast lineup consists of a croissant with butter and jam (79¢ at company stores); ham and egg, bacon and egg, sausage and egg, mushroom and cheese, and ham and cheese croissants (all $1.49); a continental breakfast of croissant with butter or jam, fresh squeezed orange juice and regular or decaffeinated coffee ($1.69).

By midmonth the program

(Continued on page 130)

LATE NEWSBREAKS

A group led by food processor Castle & Cooke was still in the running at presstime, along with investment house Forstmann Little & Co., in a bidding war to acquire Dr. Pepper. But the Castle & Cooke group stood to lose $550 in bank financing if a review of Dr. Pepper by lenders turned up anything "negative." Earlier story page 111.

Ma Maison restaurant owner Patrick Terrail plans a 250-room luxury hotel to open in 1986 opposite Beverly Center in Los Angeles. The restaurant, which just celebrated its 10th anniversary, will relocate from Melrose Avenue to the hotel.

Swensen's, the 340-unit, Phoenix-based ice cream chain, has realigned top management, bringing in Robert Puccio from Tex Critters' as senior operations vice president and shifting Patrick Doughty from group operations vp to senior finance and development vp. E. Christian Schoenleb continues as president and ceo.

Federal court names trustee to head Sambo's

By Richard Martin

LOS ANGELES—Amid a flurry of speculation that a crippling cash famine may mean liquidation, chairman Robert Luckey's 22-month regime at Sambo's Restaurants Inc. has been forced to surrender control of the floundering company to Chapter 11 trustee Charles J. McLaughlin.

Luckey, president Roger Kisiel, marketing senior vice president Ronald Artzer and other Sambo's executives have been considering possible positions with other companies should Sambo's go under.

The move was ordered by a Federal bankruptcy judge after collapse of negotiations for a crucial $12 million "bridge" loan package.

McLaughlin, who has spearheaded Sambo's property disposition efforts as a court-appointed consultant for approximately six months, was seeking means to forestall liquidation and keep the cash-barren company afloat at presstime.

Although he had the authority to oust chairman and ceo Luckey and other executives from the company's Carpinteria, Calif., headquarters, McLaughlin had not done so at presstime, and may have been retaining them for transitional assistance.

Sambo's board installed Luckey at the helm in February 1982, replacing the deposed Daniel Shaughnessey. Four months earlier, the company had been forced to file for protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

An irreconcilable dispute between potential lenders and Sambo's creditors committee over terms of the $12 million loan precipitated the appointment of McLaughlin as trustee. Sambo's sought the "bridge" financing to fund restaurant operations until a Jan. 27 hearing on its proposed reorganization plan, which would require an additional $45 million to implement.

The future of the plan under McLaughlin's trusteeship is uncertain; neither he, Luckey, nor any other Sambo's executive would comment on any new survival strategy.

Attorney David Rogers of Los Angeles-based Latham & Watkins, attorneys for the trustee, said, "We have not determined there will be a liquidation, and we are working to avoid that."

U.S. Bankruptcy Trustee James E. Eichstaedt, who appointed the Sambo's trustee on the recommendations of its creditors committee and the orders of Judge Calvin Ashland,

(Continued on page 130)

Chain leaders target strategies toward 'baby-boom' generation

By Joe Edwards

BALTIMORE—It was so repititious—all that talk about quality and "upscaling" and developing new menu items for the jogging generation—that by the time Wendy's president Ronald Fay had his say about pursuing a "target market" of adults, the audience erupted in laughter.

"And I thought that was our secret," blushed Fay as he looked sheepishly at the amused analysts and well-tailored investors and moneylenders attending last month's Alex. Brown Restaurant/Lodging Seminar at the Hyatt Regency Baltimore.

It was obvious all of them had studied the same demographic reports and concluded that their customers-of-choice for 1984 and beyond are the college-educated, weight-watching, upwardly mobile, fast food-weaned, health-conscious adults who were born in the boom years following World War II.

Just about every executive in attendance could quote figures showing that by 1988 more than half the American population will be 25 years of age and older and that the numbers of working women and single-member households are steadily growing.

The smorgasbord of chain restaurant propaganda they served up at the seminar centered on their immediate plans to build traffic by courting these New Adult Consumers. They plan to do so by offering a dizzying array of new menu items; redecorating their restaurants to improve ambience; and stepping up advertising.

Many chains this year will also pursue increased business in additional "day parts"—fast feeders testing late-night hours and rolling out dinner entrees; coffee shops trying dinner buffets.

New units will be clustered in specific markets to take advantage of economies of scale in purchasing and advertising. And there is intense interest in finding sites in California, Texas and Florida, which will be the three most populated states by the year 2000.

When Wendy's Fay drew laughter from the audience, it wasn't because what he was saying was funny but rather so that many other executives were saying virtually the same thing. This led Fay to observe that "most young and middle-aged adults will be well taken care of, and we thought we had a lock on that market."

Many of the executives making presentations shared the same observations: adults want more than traditional fast feeders are offering. They demand fresher, lighter and tastier foods from all restaurants. They want quality, value and convenience. They crave more complete dining-out experiences.

(Continued on page 13)

Holiday Inns buys Hometel, launches budget hotels

By Rick Telberg

MEMPHIS—Holiday Inns has disclosed an acquisition agreement which would make it the biggest all-suite hotel operator in the nation and has pulled the wraps off its long-awaited budget-priced hotel project.

Together the two initiatives could determine Holiday Inns' growth pattern for years to come. Its 1,750 hotels already account for 15% of the nation's lodging market.

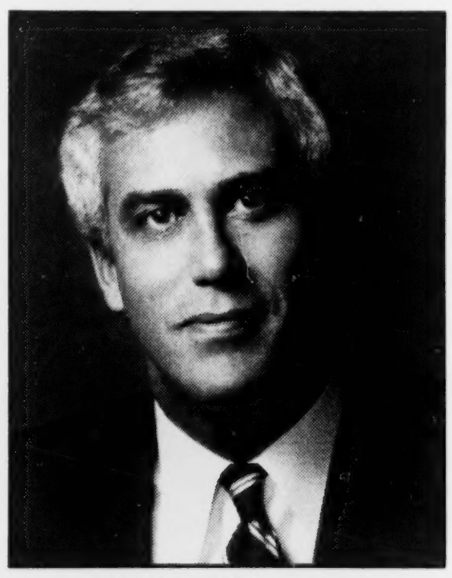
The successful development of all-suite and low-priced chains would give the company entries in almost every lodging category.

Holiday Inns already operates Harrah's casinos in the nation's four gaming markets, launched a luxury-end project dubbed Crowne Plaza, is moving to give its resorts a separate identity, and apparently turned around its Perkins family restaurant chain.

"Significant changes are occurring in the lodging industry," said Michael D. Rose, Holiday Inns chairman and chief executive. "And we are moving quickly to capitalize on new opportunities."

The first bombshell came when Holiday Inns said it had reached a definitive agreement to acquire the 21-property Granada Royale Hometel all-suite hotel chain for $111 million in cash and notes.

The deal was a surprise because only months before Holiday Inns had established its own Embassy Suites division to develop 50 suite hotels over the next five years. The first Embassy Suite was due to open shortly near Kansas City.



Michael D. Rose
chairman, ceo

Granada Royale Hometels, until now based in Phoenix, will be operated through Embassy Suites. But Holiday Inns executives said it was too early to tell whether the two lines would be marketed under a single brand name.

In the other initiative, Holiday Inns christened its yet-unborn budget-priced hotel chain Hampton Inn hotels. Franchisees and insiders, who had all the details of the chain except the name, had taken to calling

(Continued on page 129)

Chili's goes public; 44% offering

DALLAS—Chili's has filed a plan with the Securities & Exchange Commission to sell one million shares or about 44% of its stock to the public at $17 a share.

Proceeds from the proposed stock sale would be used to finance the opening of a dozen or so company-operated restaurants this year and to pay off at least part of its $6 million bank debt.

If the sale is approved, Chili's officers and directors would hold 56% of the stock with the largest block, 1.17 million shares or 27% of the total, controlled by Norman Brinker, who took over in June as chairman and chief executive.

The long-awaited initial public stock offering by the highly touted upscale "gourmet" burger chain culminates a frenetic six months of executive headhunts and hirings, long-range strategy sessions and the development of new marketing, franchising and expansion programs.

With the infusion of capital from the stock sale, Chili's can be expected to remain in the forefront of the emerging "gourmet" burger segment. Many industry officials consider Chili's, and upscale burger chains in general, one of the hottest concepts in food service.

One reason for all the enthusiasm is the positioning of these restaurants in a new adult-oriented segment somewhere between fast food and casual theme dinnerhouses.

Upscale burger restaurants, according to operators, appeal to adults who grew up on fast food but now demand better quality food, alcoholic beverages, table service, ambience and in general a more complete dining experience.

(Continued on page 129)

Marriott seeks unified Big Boys

By Charles Forman

GLENDALE, Calif.—Marriott Corp. intends to take a bigger role in future development of the loosely knit, 1,200-unit Big Boy family restaurant organization, according to Big Boy franchising vice president Roy Raskin.

As a first step the company, through its Big Boy Restaurants of America division here, will provide more marketing direction, more menu trend research, and is cooperatively developing a new building design for its 20 territorial franchisees, who operate 980 Big Boy restaurants.

Big Boy Restaurants of America operates 154 Bob's Big Boy units on the West Coast. Marriott's remaining company restaurants are in the Washington D.C. area.

Unit expansion has been slow for several years, but now Marriott sees much greater potential in the family restaurant market than it has in the recent past, Raskin said.

"That segment has become very strong—and competition has decreased," Raskin said in an interview.

He said the hiatus in rapid unit growth while interest rates were high had given the system's operators a chance to

(Continued on page 130)

New acting director named at MSU

EAST LANSING, Mich.—John P. Henderson, a Michigan State University economics professor and faculty member for 25 years, has been named acting director of the university's Hotel, Restaurant and Institutional Management School through at least May.

This action follows the October ousting of Donald I. Smith as the HRI school's director and his controversial demotion to "a tenured professor in the school." A bitter controversy over Smith's ouster continues to rage on the campus.

(See Viewpoints, page 10.)

HIGHLIGHTS IN THIS ISSUE

10 The recent decision by a New York jury awarding damages to a restaurateur in a libel case prompted by a negative review holds serious implications for both the food-service industry and the press, writes *NRN* editor Charles Bernstein.

20 Even in the heart of wine country, monthly wine tasting can still be very successful, writes *NRN* Wine & Spirits columnist Mort Hochstein.

30 Church's chairman and chief executive J. David Bamberger has mounted a campaign to dispel reports his chain is a takeover target.

32 For the first time, all nine Atlantic City casino-hotels are operating in the black.

39 Stouffer's added five new hotel properties to its 21-unit chain in '83 and will break ground for two more in the coming months.

42 Beginning this month, a new column on employee motivation by management consultant Carl Jacobs focuses on developing a good incentive plan.

46 Bonanza has launched a remodeling program to "lighten and brighten" its image

78 New York-area restaurants offered a helping hand this holiday season to the city's homebound elderly as part of the three-year-old City-meals-on-Wheels program.

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NATION's RESTAURANT NEWS
(ISSN 0028-0518)
Published by Lebhar-Friedman Inc.
425 Park Ave., New York, N.Y. 10022
All Correspondence to:
Editorial Offices:
425 Park Ave., New York, N.Y. 10022
Telephone: 371-9400
Cable: LEBHAFRIED

Published biweekly—every other Monday, monthly in December. Subscription rate $18 a year, $34 for two years. Single copy rate $2. Outside U.S.A.: Canada, $19 a year, $36 for two years; Foreign subscriptions (air mail only) $100 per year. Second class postage paid at New York, N.Y., and additional mailing offices.

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For change of address, six weeks notice to Subscription Dept., 99 Park Ave., New York, N.Y. 10157 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Procter & Gamble regional insert, pages 35-38.

Colombian Coffee regional card, pages 83 & 84.

Vol. 18, No. 1 January 2, 1984

FINANCIAL NEWS

Pizza Inn posts 177% jump in 3rd-quarter net profits

DALLAS—Third-quarter net profits at Pizza Inn jumped 177% over last year, to $943,000. Revenues were up 6.7% to $39 million for the period ended Sept. 25.

For nine months net profits rose 137% to $2.89 million, while sales went up 5.5% to $111.4 million.

F. J. Spillman, chairman and president, said one reason for the gains was that existing stores were registering sales increases of 10%. A "few isolated stores costly to manage" have been closed, he added.

Increases in store sales were largely due to the roll-out to all units of pan pizza, which now accounts for about 40% of restaurant sales.

Analysts predict that Pizza Inn's profit picture will continue to be rosy as it tilts in favor of high-margin franchising. Spillman said that of a projected 100 new units next year, 75 would be franchised.

Meanwhile, the company says that its other operating divisions are also showing "gratifying" results. These are the Quality Sausage Co., manufacturer of pizza toppings, and J. T. McCord's, a new and growing chain that specializes in gourmet hamburgers, chili and other Mexican-style foods.

The first franchised McCord's recently opened in Lubbock, Tex. The franchisee, Positive Management Solutions Inc., plans to open two more by the end of the year, said Spillman. Pizza Inn is currently operating two McCord's and has four others under construction, he added.

Pizza Inn's other area of expansion is overseas pizza restaurants. Early this year it signed a licensing agreement with Alkazemi Food Co. for the development of 20 Pizza Inns in Kuwait, Saudi Arabia, Bahrain, Qatar and the United Arab Emirates. Two units have been opened so far.

ARA's '83 revenues top $3 billion mark

PHILADELPHIA—ARA Services has broken the $3 billion mark with total revenues for fiscal year 1983 totaling $3.1 million.

Net income for the fourth quarter ended Sept. 30 was up 167% from $4 million in 1982 to $10.7 million this year. Revenues for the quarter increased 9%, rising from $714 million to $776 million.

For the year ended the same date, ARA's net income increased 38% from $38.9 million in 1982 to $53.7 million for 1983. Revenues for the year rose 9%, from $2.8 billion to $3.1 billion.

Chief executive Joseph Neubauer called the results "particularly satisfying . . . since all five operating segments contributed significantly to the overall operating results."

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Dec. 16							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year			Last Fiscal Year (Per Share)		
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	6.00	5.88	6.00	.00	.00	7.50	5.00	.02	.90	-2.21	-3.43	.05	.10 N	500.0	-8.0	.3	50.0	.00	.0	01-06-81	37.1	.1	1.4	6.13	2.99	1082
Am Motor Inns	INN	34.63	31.50	32.25	-1.75	-5.15	38.50	25.88	.02	-.34	4.99	10.38	2.52	.49 Q	22.0	45.0	8.6	11.9	.25	.8	08-10-83	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	54.75	49.50	50.75	-3.25	-6.02	55.25	33.75	.25	.28	3.16	-22.89	4.51	1.08 F	31.4	-3.0	1.8	11.3	2.05	4.0	11-25-83	3056.6	53.7	1.1	22.39	44.25	0982
Assoc Hosts	AHST	14.25	12.75	12.75	-2.00	-13.56	18.50	5.09	-.55	-1.33	-.26	2.55	.72	.34 F	89.4	-5.0	3.6	17.7	.12	.9	12-12-83	88.3	3.2	1.6	4.40	5.05	0982
Beefsteak Char	BCS	4.63	4.00	4.38	-.13	-2.78	9.75	4.00	-.17	-1.12	1.47	-5.80	.88	-.28 N	-35.4	32.0	3.7	8.6	.00	.0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	23.25	20.75	21.25	-2.25	-9.57	26.81	19.41	-.26	-1.41	6.00	7.42	.89	.12 S	14.1	23.0	7.5	21.9	.26	1.2	09-19-83	187.5	14.1	3.0	.00	5.54	0483
Bonanza Intl Inc	BNZA	1.38	1.25	1.25	-.13	-9.09	3.69	1.00	.50	-.24	-3.62	-11.79	.06	1.11 N	NE	-84.0	3.1	5.0	.00	.0	11-02-83	16.1	.5	1.6	4.85	.84	1282
Brock Hotel Cp	BHC	7.63	6.63	6.63	-.50	-7.02	11.25	5.38	.78	-.74	-1.01	-19.45	.55	-.97 N	-118.2	-6.0	2.8	NE	.10	1.5	09-27-83	255.6	7.1	1.1	16.64	4.38	1282
Calny Food	CLNY	10.00	9.25	9.25	-.50	-5.13	11.50	6.84	-.03	-.77	-.72	30.62	.53	.06 S	12.2	7.0	4.6	16.8	.16	1.7	11-22-83	30.2	1.4	.4	2.48	1.49	0283
Captain Crab's	CRAB	5.75	3.50	3.63	-2.25	-38.30	8.38	2.50	-1.78	-2.86	.72	1.53	.00	.00 F	NC	NC	.0	NE	.00	.0	00-00-00	1.5	.0	7.0	.04	.22	0882
Carrols Cp	CRL	10.88	9.75	10.63	.75	7.59	11.88	3.44	.75	1.25	3.70	-30.32	.50	.28 F	127.2	69.0	3.6	21.3	.06	.6	08-29-83	85.2	3.1	.6	3.28	2.00	0582
Chart House	CHHO	20.50	18.63	19.00	-1.75	-8.43	25.19	13.75	-.27	-.23	-2.24	-15.83	1.39	.05 N	3.5	15.0	4.9	13.1	.40	2.1	10-18-83	382.0	18.7	1.0	6.14	8.75	1282
Chi-Chi's	CHIC	23.13	21.13	21.63	-2.00	-8.47	29.00	13.94	-.48	-.20	2.38	34.75	.39	.26 S	96.2	67.0	9.4	40.8	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Ch Full O Nut	CHF	12.88	11.13	12.38	-.50	-3.88	24.38	11.13	-.44	1.52	-5.20	15.76	.64	.14 Q	29.7	-2.0	2.9	20.3	.50	4.0	12-09-83	111.6	3.2	3.1	.43	5.97	0782
Churchs Fr Ch	CHU	29.50	23.13	23.63	-5.38	-18.53	33.50	21.84	-.60	-.44	-6.48	-45.46	2.19	-.27 N	-11.8	11.0	10.1	11.8	.72	3.0	10-24-83	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.13	2.88	2.88	-.25	-8.00	4.00	2.63	.26	-.75	.56	3.13	.13	.46 S	NE	30.0	2.1	9.9	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	19.63	18.50	19.63	.63	3.29	21.63	11.69	.06	.76	-.34	-28.91	1.47	.30 S	22.5	28.0	3.8	12.0	.20	1.0	12-23-83	324.4	12.4	1.8	4.14	8.71	0483
Consul Corp	CNSL	14.25	12.88	13.25	-1.25	-8.62	18.75	10.75	-.92	-1.42	3.29	37.32	.26	.33 Q	NE	40.0	2.5	42.7	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	20.75	19.50	19.50	-1.50	-7.14	27.34	12.50	-.16	-1.34	-1.81	2.76	.86	.09 Q	12.0	25.0	4.4	23.2	.14	.7	11-28-83	45.7	2.0	4.1	2.64	7.33	0783
Denny's Inc	DEN	39.00	34.50	34.75	-4.25	-10.90	39.25	27.13	-.03	-.57	-.86	-24.35	2.54	.13 Q	5.2	13.0	3.8	13.3	.72	2.1	12-06-83	1054.6	40.2	1.7	17.92	17.17	0683
Dunkin Donuts	DUNK	24.00	22.88	22.88	-1.25	-5.18	28.75	16.25	.29	-.46	-2.81	36.61	1.62	.22 F	15.7	26.0	9.7	14.1	.28	1.2	11-01-83	81.6	7.9	1.2	12.87	15.97	1082
Fast Food Oper	POPI	2.44	2.31	2.38	-.13	-5.00	4.63	1.56	.33	-.39	-2.96	-33.75	.05	.06 Q	NC	82.0	6.5	39.6	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	32.50	31.50	32.13	.63	1.98	32.94	11.91	-.03	.52	-2.84	12.00	1.85	.47 Q	28.6	24.0	3.7	15.2	.40	1.2	11-28-83	110.6	4.1	1.3	5.73	14.56	0583
Godfather's Pizza	GFPZ	17.38	15.75	16.13	-1.13	-6.52	25.50	14.25	-.18	-.08	1.94	4.75	.65	.06 N	10.0	110.0	15.8	24.4	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Hambrg Hamlet	HAMB	9.75	9.75	9.75	.00	.00	12.00	6.00	.10	.58	-6.39	50.00	-1.10	-2.45 F	-181.4	-22.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	59.25	55.25	55.25	-2.50	-4.33	60.25	40.13	.11	-.99	-.34	-27.65	3.04	.37 N	10.5	12.0	14.4	14.2	1.80	3.3	12-12-83	562.9	81.3	2.0	6.73	21.31	1282
Holiday Inns	HIA	52.00	48.88	49.00	-2.00	-3.92	59.00	33.50	-.04	-.22	-1.08	-19.11	2.50	.71 N	29.3	14.0	6.8	15.7	.84	1.7	12-19-83	1425.3	97.2	.9	11.74	25.35	1282
Horn & Hardart	HOR	24.50	19.13	21.63	-2.88	-11.73	30.78	13.28	.02	.14	6.66	10.06	.70	.46 N	76.6	80.0	2.8	20.4	.00	.0	11-25-83	235.4	6.6	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	8.00	7.50	7.75	.00	.00	12.25	7.25	-.26	.29	-1.41	-24.84	.00	-.78 F	-100.0	-6.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Imperial Grp	IMT	2.00	1.81	1.88	-.19	-9.09	2.06	1.56	.00	-1.79	-10.68	9.38	.28	-.07 S	-19.4	-6.0	2.6	6.5	.11	5.9	09-27-83	7742.8	198.3	1.1	.54	1.92	1082
Intl Dairy Queen	INDQ	36.00	35.00	35.25	-.75	-2.08	40.00	20.75	-.10	.46	.42	48.57	2.17	.81 N	39.3	64.0	6.3	12.3	.00	.0	00-00-00	98.6	6.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	18.25	17.75	18.25	-.75	-3.95	23.00	5.41	.16	.68	-1.81	27.26	.92	.86 Q	296.5	65.0	4.8	15.9	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	14.38	13.50	14.13	.00	.00	18.13	10.00	.40	.36	1.23	-.43	1.00	.07 F	7.5	19.0	4.1	14.1	.20	1.4	08-08-83	53.3	2.2	.9	6.38	5.84	0982
Jerrico Inc	JERR	19.63	16.75	17.75	-1.75	-8.97	23.13	16.25	.36	-.76	.00	35.23	1.33	-.07 F	-5.0	27.0	4.6	13.3	.12	.7	11-04-83	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	5.75	5.13	5.38	-.25	-4.44	10.75	4.00	-.35	.06	-.35	33.58	-.37	-.54 N	NE	-52.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	15.00	12.88	13.13	-2.25	-14.63	18.75	12.13	-.06	.07	-.96	-4.17	.40	.18 S	62.0	56.0	6.3	27.9	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	33.75	31.50	32.00	-2.00	-5.88	43.75	15.81	-.49	.06	-.25	-26.30	1.32	.34 S	28.5	23.0	4.0	20.9	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	35.88	35.00	35.75	.63	1.78	36.25	28.00	.13	.74	-6.07	70.69	1.53	.18 F	13.3	31.0	9.6	23.4	.60	1.7	12-12-83	144.1	13.9	1.9	.64	6.79	0882
Marcus Corp	MRCS	13.88	13.63	13.63	-.25	-1.80	15.13	8.50	-.01	.07	1.21	-21.43	1.28	.24 Q	21.0	7.0	6.1	9.9	.25	1.8	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	77.00	71.88	71.88	-4.88	-6.35	81.00	50.25	.14	.08	-.14	-7.84	3.44	.58 N	17.3	36.0	3.7	18.3	.44	.6	12-20-83	2541.4	94.3	.9	33.49	19.43	1282
McDonald's Cp	MCD	73.00	69.50	70.13	-2.38	-3.28	74.50	54.88	-.04	-.17	-.54	29.73	5.00	.65 N	13.3	23.0	11.1	12.7	1.00	1.4	10-25-83	2715.2	300.6	.5	17.62	25.51	1282
Morrison Inc	MORR	18.88	18.38	18.50	-.63	-3.27	21.06	14.75	.02	.47	-1.20	-1.43	1.34	.21 Q	17.9	14.0	4.5	13.4	.40	2.2	10-07-83	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	8.88	7.88	7.88	-1.25	-13.70	10.50	2.25	.16	-2.03	.10	11.62	.45	1.43 F	NE	-27.0	1.1	17.5	.00	.0	05-29-80	63.8	.7	1.1	4.26	3.76	0982
Nathans	NATH	3.13	3.00	3.00	-.13	-4.00	3.63	1.44	.01	-.30	.92	63.18	.09	.02 S	20.0	23.0	1.1	25.0	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	19.50	16.25	18.75	2.00	11.94	32.75	14.25	.51	2.82	6.74	9.09	.70	-.02 Q	-2.9	66.0	3.6	28.8	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	16.25	16.00	16.00	.00	.00	18.50	14.00	-.01	.51	-11.08	.00	.69	-.81 N	-90.0	-10.0	.4	177.8	.32	2.0	09-08-83	143.6	.6	.6	3.82	13.85	0982
Orange-co	OJ	7.75	7.25	7.63	.25	3.39	8.00	4.38	.03	.84	-3.62	5.48	.63	.88 F	NE	-15.0	2.6	12.1	.00	.0	02-22-82	76.3	2.0	1.6	13.11	4.72	0883
Peoples Rest	PEPL	7.63	7.00	7.38	-.25	-3.28	15.13	6.50	-.48	.86	-3.19	-58.76	.28	.10 Q	47.6	106.0	7.5	23.8	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
Piccadilly Caf	PICC	13.25	13.13	13.13	-.13	-.94	18.13	12.75	-.46	.55	.47	-42.72	.99	-.49 Q	-35.5	3.0	3.9	14.7	.60	4.6	12-09-83	152.7	6.0	1.6	.00	7.71	0683
Pizza Inn	PZA	15.00	13.13	13.25	-1.75	-11.67	17.50	5.34	-.21	-2.84	-1.64	13.00	.55	.70 N	179.4	9.0	1.3	12.2	.06	.5	10-28-83	135.1	1.7	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	9.75	7.00	9.25	1.75	23.33	26.00	6.38	.75	1.04	-2.19	-19.95	1.27	-1.69 N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	21.38	20.25	20.63	.25	1.23	25.25	15.00	.40	.61	.00	19.81	1.50	-.41 N	-25.7	-5.0	2.8	17.5	.33	1.6	12-14-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	11.00	9.88	10.38	-.38	-3.49	11.88	4.88	.20	-.18	-2.24	13.49	-.73	.15 N	NE	-30.0	-3.6	NE	.00	.0	10-19-81	547.5	-19.8	.6	18.50	5.12	1282
Restaur Assc	RA	8.50	8.00	8.00	-.25	-3.03	11.38	5.38	.20	-.50	.97	7.14	.77	.12 N	19.3	37.0	1.8	10.8	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	24.25	22.75	23.25	-1.00	-4.12	28.25	7.09	.31	.64	-.71	39.17	.33	.13 N	40.6	87.0	10.6	51.7	.00	.0	04-20-83	9.4	1.0	3.1	.34	1.61	1282
Saga Corp	SGA	33.75	32.25	32.38	-.88	-2.63	40.25	19.19	.51	.52	1.98	8.46	2.10	.49 Q	28.9	73.0	2.3	14.9	.36	1.1	11-14-83	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	10.00	9.00	9.00	-1.25	-12.20	15.50	9.00	-.68	.52	6.13	-74.60	.70	-.17 Q	-21.5	19.0	4.5	14.5	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	8.38	7.50	7.88	-.63	-7.35	15.00	5.88	-1.57	-.04	-1.67	24.10	.02	-.81 N	-155.7	-14.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	16.50	15.75	16.25	-1.00	-5.80	17.94	9.78	.62	.25	-2.31	-69.03	.67	-.35 N	-36.8	26.0	1.5	27.1	.00	.0	09-09-83	138.1	2.1	1.1	59.81	5.64	1282
Shoney's Inc	SHON	26.00	25.00	25.00	-.75	-2.91	27.38	20.06	.32	-.47	2.21	65.89	.86	.26 N	35.6	26.0	5.1	25.3	.15	.6	10-03-83	324.9	16.6	1.0	2.65	5.02	1082
Sizzler Rest Intl	SIZZ	14.00	13.00	13.00	-.88	-6.31	16.25	10.13	.34	-.40	-4.03	9.49	1.01	.09 S	9.7	16.0	4.5	12.9	.00	.0	00-00-00	128.0	5.8	1.0	2.33	4.63	0482
Skippers	SKIP	11.25	9.75	9.75	-1.50	-13.33	15.50	4.66	.14	-.19	-3.17	-1.88	.48	.45 N	121.6	18.0	2.6	11.9	.06	.6	10-11-83	38.1	1.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	16.50	16.50	16.50	.00	.00	22.00	16.50	-.01	.55	6.82	56.25	.37	.56 N	90.3	5.0	.9	14.0	.26	1.6	10-05-83	80.1	.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	5.00	4.75	4.75	-.25	-5.00	7.50	3.13	.12	.53	-.52	-9.64	.27	.09 Q	42.8	104.0	3.8	15.8	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	9.38	8.75	9.00	.25	2.86	10.00	3.44	-.21	-.65	-2.90	-5.59	.29	.11 F	61.1	44.0	2.0	31.0	.00	.0	05-17-79	64.4	1.3	1.1	4.94	2.76	0982
Victoria Stations	VSTA	9.63	8.00	8.00	-.50	-5.88	13.63	5.75	.38	-2.99	3.20	27.81	-2.39	-2.27 S	NE	-82.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	22.00	20.25	20.38	-.50	-2.40	22.00	13.00	.35	-.30	-2.80	-3.74	1.13	.19 N	17.4	22.0	7.3	15.9	.32	1.6	11-03-83	604.3	44.1	.8	2.53	6.50	1282
Webb Del E	WBB	18.88	17.50	17.63	-1.00	-5.37	25.00	9.63	.23	-.70	-2.74	-11.80	.16	1.44 N	NE	-18.0	.5	29.9	.00	.0	11-07-80	311.2	1.5	.9	11.32	13.71	1282
Western Steer	WSMP	13.25	12.00	13.25	1.50	12.77	17.50	9.50	.30	.55	1.76	30.11	.92	-.07 N	-6.1	7.0	3.1	12.5	.16	1.2	08-29-83	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	16.25	15.13	15.75	.50	3.28	17.13	10.69	.94	.04	1.94	16.41	.63	-.03 N	-4.7	11.0	2.6	26.3	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

Collins' launches a 'gourmet' burger venture

LOS ANGELES—Collins Foods International has lined its strongbox with $29.1 million in net proceeds from a $30-million debenture sellout to fund its 60% role in a three-way joint venture for development of a "gourmet" burger chain called Ed Debevic's.

The burger chain project, with the remaining 40% interest split between Big 4 Restaurants of Phoenix and Lettuce Entertain You Enterprises of Chicago, gets off the ground on the heels of Collins' record second quarter, in which net profits increased 26% over the same period last year.

For the three months ended Oct. 31, Collins scored a net profit of $4.4 million on revenues of $99.2 million, up 21% over last year's second quarter.

For the first half of the fiscal year, Collins reported a 25% increase in net profit before nonrecurring gain to $8.3 million on a 13% gain in revenues to $192.3 million vs. the first six months of last year.

Collins' three-way joint venture is the second time in a month the company has teamed up with Lettuce Entertain You. The 15-unit company is managing Collins' newly acquired Gino's East pizza restaurant in Chicago, and will be its first franchisee after devising a prototype for international chain expansion.

James A. Collins, chairman and ceo of Collins Foods, met principals of eight-unit Big 4 Restaurants, including president Lee Cohn, several years ago. Through Big 4, he was introduced to Lettuce Entertain You, out of which came the Ed Debevic's burger venture and, subsequently, the Gino's East deal.

Rich Melman, the innovative restaurant impresario who is president of Lettuce Entertain You, has reportedly taken a position in the newly hatched "gourmet" burger triumvarite as its conceptual mastermind. His brainchild, Ed Debevic's, will seek to tap the apparently burgeoning market for upscale burgers already being serviced by the likes of Fuddruckers, Red Robin, Chili's, Flakey Jakes, and others.

Collins says there will be some stylistic similarities between others in this emerging segment and his 60%-owned Ed Debevic's concept. "But with our breakfast menu, a different approach, and Rich's emphasis on quality," Ed Debevic's will distinguish itself from the rest of the pack, Collins said.

The new concept will also feature a broader menu than the others, according to Collins president Dick Bermingham. The company declined to project estimates of average unit sales or profit potential.

The first unit of Ed Debevic's is now under construction in Big 4 territory in Phoenix, where it is scheduled to open in May. Units in Chicago, perhaps Phoenix again, and then Los Angeles are due to follow within the next year for a total of three or four. Thereafter, the joint venture plans to start a worldwide franchise program.

The recent flurry of concept diversification by Collins puts the company further along the strategic course it intended to embark upon after spinning off its 71%-owned Sizzler Restaurants subsidiary as a public company in November 1982. Cash rich, coming off two strong years in a row, Collins wanted to branch out.

Sizzler, now 449 units strong, has developed or acquired three new concepts since going public, including an upscale dinnerhouse, Lumber Camp; a downscale family restaurant, Goose Creek, and a Mexican concept, Emma's Taco House.

Collins, on the other hand, has mostly stuck to running its chain of Kentucky Fried Chicken units, which now numbers 248 outlets with the recent acquisition of nine KFC stores in the Boise, Idaho, area. The company also operates six Collins Foodservice distribution warehouses.

Prior to the Gino's East and Ed Debevic's deals, Collins sole vehicle for possible new chain expansion was the year-old Southside Barbeque concept in Los Angeles. The company had not expanded beyond a single prototype store in a black neighborhood because "we hadn't gotten the results we'd hoped for," Collins said.

Sea Galley dropping commissaries, names a new operating chief

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores has decided to end its year-old experiment with vertical integration and sell a meat processing/distribution subsidiary and a fish processing plant.

The 49-unit chain, which owns 66% of the new Flakey Jake's "gourmet" burger concept, also expects to report a fourth-quarter loss but an overall profit for the year just ended, and has named a new chief operating officer.

Robert F. Galentine, formerly senior vp and national director of operations, was named coo. He succeeds Dennis W. Wassman, who left to head up a telecommunications venture in Seattle. Galentine, who joined Sea Galley in 1982, was formerly a regional vice president with Red Lobster.

The unprofitable distribution and seafood processing businesses, which have adversely impacted on Sea Galley's earnings since their acquisitions, should yield about $10 million from their pending sales, according to president and chairman Steven B. Dowen. He said proceeds from the sales would not offset the subsidiaries losses, which would be written down in the fiscal year begun Jan. 1.

An unnamed buyer had reportedly been found for the meat processing/distribution operation; at presstime the deal was reportedly close to finalization. No definite buyer for the fish plant had been found, but several interested parties were negotiating for its purchase, Dowen said.

Such ventures into vertical integration are "no good" for a smaller company such as his, with its current annual sales strength of about $70 million, Dowen said. "Maybe when you get to $2.5 million a year you can do something like this."

Sea Galley would not estimate the amount of its expected loss in the fourth quarter, historically its slowest. In the nine months ended in September, the company had turned a net profit of $319,000 on sales of $71.8 million. In 1982, the company posted a $358,000 loss on sales of $70 million.

At a meeting of securities analysts in New York in June, Dowen set as a goal for 1984 the company's return to the margins it enjoyed in 1980. He now reports that those levels have already been attained, and the company is working on a 63% gross margin after covering the costs of goods sold.

Average unit sales are currently about $1.6 million annually, some 5%-6% ahead of last year. The gains in unit sales are made up about equally of increased customer traffic and higher menu prices, Dowen said.

Dowen expressed disappointment with a recent marketing campaign designed to shift customer preferences away from more costly shellfish toward a selection of finned fish dishes offered with a variety of gourmet sauces. The company will return to its former emphasis on more upscale and traditional items, and will continue its gradual shift away from fried items to broiled and poached dishes. Sea Galley may introduce some sauteed items this year, Dowen said.

Sea Galley has sold about 85% of a public subscription offer of stock in its Flakey Jake's concept, raising an approximate net of $3.5 million to partly offset startup costs. At an annualized sales rate of about $1.75 million per store, the first four Flakey Jake's units are operationally profitable, Dowen indicated, and should overcome corporate startup expenses and move into the black by the third quarter.

While Sea Galley plans to open six new seafood restaurants in 1984, Flakey Jake's will open 14 new company outlets, Dowen said. Flakey Jake's is qualified to franchise in 38 states, and plans to sell a total of 12 area franchises for entire ADI's this year.

Flakey Jake's provides Sea Galley with a vehicle for conversion of "subpar" seafood restaurants at a cost of about $250,000 per unit. The concept features an exhibition "meat market" and a "bakery," producing fresh-ground and broiled ½-lb. patties and hot burger buns. Customers assemble their burgers (about $3.75) from a 20-item salad-bar-style condiment line in the 1890's Western-themed restaurants.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Allegheny Beverage Corp.	3 mos 9 mos.	9/30			$140.0 338.4	25.0 1.7	$ 3.212 7.428	18.7 22.0
ARA Services	3 mos. 12 mos.	9/30			776.0 3.1 Bil.	9.0 9.0	10.700 53.700	167.0 38.0
Associated Hosts	12 mos.	10/29			88.3	12.0	3.207	84.0
Chi-Chi's	3 mos. 6 mos.	10/31			37.9 74.3	59.0 68.0	4.300 8.000	83.0 81.0
Chili's	6 mos.	9/30			17.0	41.0	1.300	6.0
Collins Foods	3 mos. 6 mos.	10/31			99.2 192.3	21.0 13.0	4.400 8.300	— 25.0
Kelly-Johnston	3 mos. 6 mos.	.9/30			21.6 34.3	115.0 86.0	1.140 1.870	83.0 67.0
Mr. Steak	3 mos. 12 mos.	10/2			18.4 63.8	— —	0.313 0.802	— 6.7
Pancho's	3 mos. 12 mos.	9/30			7.3 25.3	18.0 4.5	0.440 1.160	13.0 41.0
Pizza Inn	3 mos. 9 mos.	9/25	$111.4	5.5	39.0	6.7	0.943 2.890	177.0 137.0
Rax Restaurants	3 mos.	10/29			20.3	34.0	1.400	105.9
Restaurant Systems	3 mos. 40 wks.	10/1			6.9 22.2	16.0 13.0	0.361 0.987	16.0 26.0
Shoney's South	3 mos. 40 wks.	10/2			35.5 109.7	17.0 17.0	1.500 3.900	125.0 131.0
Western Steer	3 mos. 9 mos.	11/4			9.0 24.7	28.0 25.0	0.494 0.949	65.0 44.0

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Red Lobster shifts ad concept, agency

ORLANDO, Fla.—Red Lobster Inns of America has hired Backer & Spielvogel as its advertising agency, replacing D'Arcy-MacManus & Masius which had had the account since 1976.

The status of Red Lobster's long-running campaign, "For the seafood lover in you," was left in doubt. As recently as last June, Red Lobster officials had pledged to continue the ad campaign and disavowed plans to switch agencies.

Reports from St. Louis, Mo., where D'Arcy is headquartered indicated late last year that the $40 million-a-year account was in trouble as Red Lobster searched for an agency that could provide more long-term planning based on deeper research.

Red Lobster was reportedly unsatisfied with the current pitch because it emphasized the virtues of seafood more than the 370-unit dinnerhouse chain.

Red Lobster is owned by General Mills, which also operates York Steak Houses, Casa Gallardo dinnerhouses, Darryl's 1890 pub-restaurants and Good Earth restaurants.

MORE NEW PRODUCTS
In Every Issue
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Nation's Restaurant News

Allegheny Beverages profit up 22%

BALTIMORE—Allegheny Beverage Corp.'s net earnings for the nine month period ended Sept. 30 were $7,428,000, a 22% increase over the $6,100,000 in profits recorded during the same period last year.

Revenues for the first nine months of 1983 were $338,380,000, compared with $332,820,000 during the first nine months of 1982.

Net earnings in the third quarter of 1983 were $3,212,000, up from the $2,707,000 reported for the same 1982 period. Revenues in the third quarter of this year were $140,116,000, a gain of nearly 25% over the $112,280,000 reported for the corresponding 1982 period.

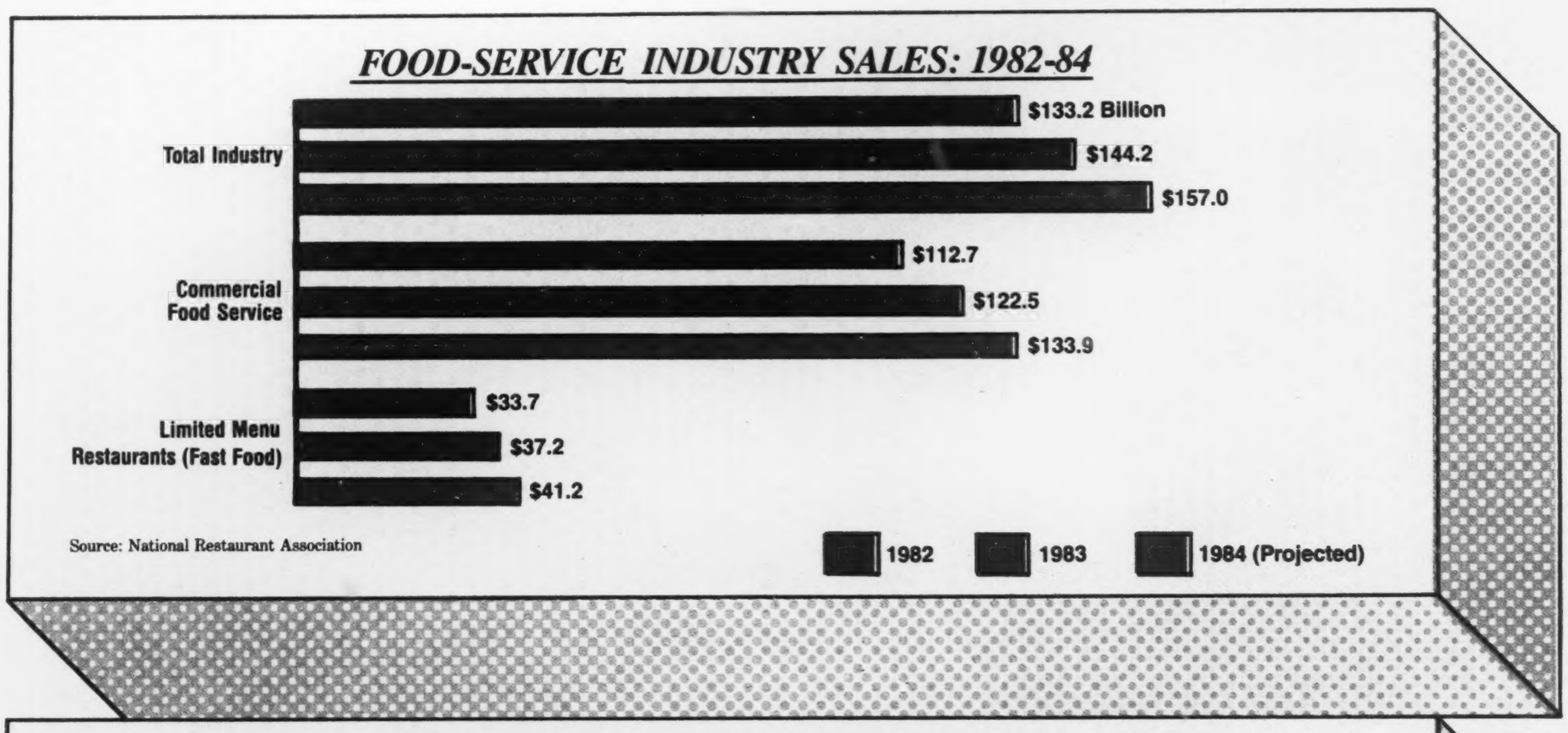
Allegheny's Macke Co. subsidiary recently acquired Mid-America Food Service Inc., the largest independent food-service company in the Kansas and western Missouri regions. In a separate transaction the Macke Co. also acquired the food-service and vending operations of Jankowski Catering Services Inc. in Winchester, Ky.

The Mid-America and Jankowski acquisitions are part of a continuing move by Allegheny to expand Macke's existing food-service and vending operations in the eastern and midwestern regions of the country.

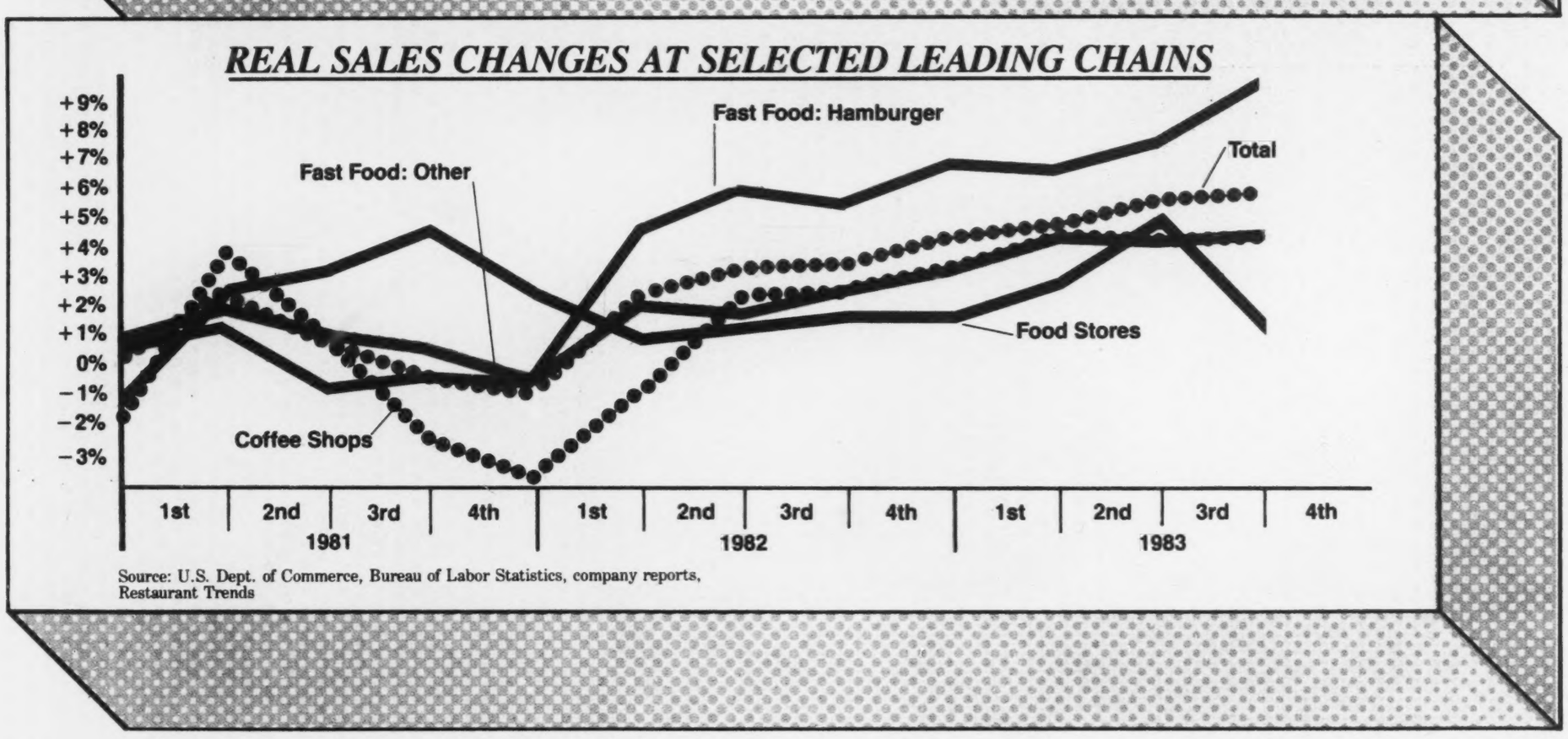
Allegheny is also involved in office furniture operations, building maintenance services and the rebuilding, manufacturing and sales of beverage equipment and parts.

FOCUS NRN

LATE '83 REBOUND TO CONTINUE?



Source: National Restaurant Association



Source: U.S. Dept. of Commerce, Bureau of Labor Statistics, company reports, Restaurant Trends

After a string of frustrating recessionary years spent scrambling through the trough of the business cycle, the food-service industry appears to have the firm ground of economic growth in sight at last.

Nonetheless, prognosticators see no more dramatic industry-wide sales gains for 1984 than 1983 brought us.

Total food-service industry sales are projected to climb 8.9% to $157 billion this year, compared with an 8.2% 1983 increase to $144.2 billion.

Ostensibly last year's rebound is set to continue, but the National Restaurant Association's estimates indicate a slight slowdown in real sales growth due to projected 5.4% average menu price rises this year (apparently based on projected higher beef and broiler prices), compared with 4.5% last year. Thus real sales growth would drop from last year's 3.7% to 3.5%.

Commercial food service is projected for a 9.3% total sales increase to $133.9 billion while noncommercial would rise 6.4% to $22.2 billion, the NRA says. Real sales would

(Continued on page 64)

FOCUS NRN

FORECAST '84

Flexibility key as boom beckons

(Continued from page 1)

Meanwhile, Warner Communications is mulling a possible spinoff of its Gadgets restaurants, and Gladieux Corp. is eying a spinoff of one-third of its eight-unit Rax franchisee to finance its own contract feeding expansion.

Other such deals have seen the 240-unit Nashville-based, Krystal fast-food company spin off two subsidiaries—Po Folks with some 70 country-style family restaurants, and DavCo with some 90 Wendy's franchise units—into a separate Po Folks company still controlled by Krystal; Bonanza, which spun off Peoples restaurants 2½ years ago, giving its shareholders stock in USA Cafes, which is taking over Bonanza's virtually all-franchised system, and Seattle-based Sea Galley seafood restaurants spinning off 25% of its new Flakey Jake's upscale burger chain.

Acquisitions, joint ventures and diversified efforts also loom strongly. Collins Foods, which remains a major KFC franchisee and spun off 29% of Sizzler steakhouses a year ago, has just acquired Gino's East Pizzeria in Chicago in conjunction with Richard Melman and is also ready to launch a joint venture upscale hamburger operation with Big Four Restaurants of Phoenix and Melman.

Sizzler Restaurants in turn has acquired Emma's Taco dinnerhouse and Emma's Burrito House fast food in Sacramento and is testing a Goose Creek Food 'N Fixins country-style family restaurant.

Restaurant Associates of New York is acquiring a part interest in the California "authentic" Mexican restaurant chain Acapulco y Los Arcos in a diversification bid. Vicorp of Denver, operator of Village Inn family restaurants, purchased the Poppin' Fresh Pies chain from Pillsbury seven months ago and now is acquiring Continental Restaurant Systems from Ralston Purina's Foodmaker division. On Foodmaker's part, this divestiture will allow concentration on its Jack in the Box fast-food chain.

Denny's Inc., California owner of the nation's leading coffee shop chain and of Winchell's doughnut houses, have diversified with the acquisition of El Pollo Loco, a 19-unit charbroiled chicken chain which it hopes to develop nationally. Denny's continues to pursue an aggressive real estate strategy, having already converted a number of VIP, Alphy's and Sambo's units to Denny's.

Saga, which acquired Grandy's chicken and Spoons upscale burgers in Texas, plans a new restaurant, catering and takeout operation called Brandi's.

Two prime candidates for spinoffs this year are Ponderosa, with its Casa Lupita Mexican restaurants, and Wendy's, with its Sisters Chicken & Biscuits units. But both companies deny any such plans.

Sometimes asset utilization has to be defensive. Magic Pan, pressed to the wall and itself having been sold by Quaker Oats to Bay Bottlers of Oakland, Calif., is trying a Nopalitos Mexican dinnerhouse concept, Laredo's upscale burgers and chili, and a Magic Chicken fast-food operation for potential conversions of the creperies.

Sambo's, on the brink of possible extinction, is desperately trying to switch its remaining Seasons restaurants—themselves converted almost instantaneously from Sambo's—to Coco's and Godfather's franchise units.

Another form of asset management is to accept a partial defeat in order to regain a chain's momentum. Thus General Mills has closed 22 unprofitable units of its 151 York steakhouses and feels the division's future will be enhanced.

Franchisees themselves are exercising far more diversified clout. A Shakey's Sacramento franchisee group has purchased that chain from Hunt Resources, just as Phoenix-based Swensen's franchisee Red River Resources acquired Swensen's a few years ago. A Popeye's franchisee, Fast-Food Operators of New York, has bought a controlling interest in JoAnn's Chili Bordello restaurants of Florida.

Marriott Corp. is lining up a stellar list of diversified restaurant operators which already have their own restaurants and franchise operations. A prime example is the Riese Organization, which is a New York area franchisee of Roy Rogers, Godfather's Pizza, Sizzler Steakhouses, David's Cookies and Häagen Dazs ice cream as well as operator of its own Lindy's, Charley O's and J. J. Mulligan's restaurants, among others.

Hotel chains also are trying a multiplicity of concepts to gain wider shares of more varied markets. Holiday Inns is launching Crowne Plazas and Embassy Suites, boosted by the takeover of Granada Royale, and a new budget chain named Hampton Inns. Marriott has opened its first moderately priced Courtyard Hotels. Ramada Inns is going up a notch with Renaissance hotels, and Stouffer's is sharply upgrading to new formats too.

A dizzying pace of new product testing and rollouts is on tap for major chains to build traffic this year. Arby's is rolling out a croissant breakfast while Burger King and Wendy's appear ready to launch full-scale breakfast programs. Arby's is testing a topped baked potato similar to Wendy's, and Ponderosa has initiated a 30-ft. salad buffet.

McDonald's is finally testing breakfast biscuit sandwiches, new variations of the McMuffin breakfast sandwich and an upscaled ¼-lb. burger with lettuce, tomato and mayonnaise. It has pulled back from its McRib barbecue pork sandwich.

Carl's Jr.'s new diversified dinner menu is an experiment being watched closely.

Wendy's continues a steady expansion of the very limited four-item menu that it maintained for a decade. It is trying a dinner menu with four versions of a new gourmet burger, and a fish sandwich after having added a salad bar, chicken sandwich and taco salad.

Among the various "hot" market segments, pizza-entertainment restaurants clearly have peaked and a shakeout looms among the some 50 companies vying in this field. But Pizza Time Theatre's Nolan Bushnell is trying to put some spice back into the market by launching a new generation of coin-operated video games and trying to emphasize "food quality and price value" as well.

Mexican dinnerhouses, with their low food costs, high liquor ratios and very reasonable prices are still being eyed as potential winners by many operators although they seem to have peaked everywhere except in the Northeast where they are still new. Chi Chi's remains the leader, with Garcia's, El Torito, El Chico and Acapulco y Los Arcos chasing behind.

In the casual "fern bar" segment dominated by Bennigan's, Houlihan's and T.G.I. Friday's, numerous imitators have arisen. But prospects are that this segment will peak too if it hasn't already.

A "healthy" foods segment has emerged led by chains such as Louisville-based fast feeder Fresher Cooker with all nonfried foods and Peoples restaurants, but seems to have limited potential. A segment that appears ready to emerge strongly in chain form is the delicatessen. Sandwich Chef, Birmingham, Ala., is spearheading a new drive with some 200 deli-sandwich shops already open. And Naugles chairman Harold Butler is testing a deli in combination with a bakery and coffee shop in San Bernardino, to the tune of $2 million annual sales.

Ethnic restaurants—particularly Chinese and Italian—are drawing great consumer interest and should be a source of considerable growth this year.

A fierce battle looms among chicken chains with KFC trying to hold its edge in numbers, Church's attempting to rebound and Popeye's, Bojangles, Sisters, Mrs. Winner's, Grandy's, Golden Skillet, Famous Recipe, Pioneer and now El Pollo Loco among those fighting for their share of this lucrative market.

But the so-called gourmet or upscale burger chains which are emerging seem to be the hottest new growth segment for 1984. These include, in varied forms, San Antonio-based Fuddrucker's with "the world's greatest hamburger" for $4, Dallas-based Chili's under Norman Brinker and Larry Lavine; S&A Restaurants' J. J. Muggs, W. R. Grace's T. J. Applebee's, Pizza Inns' J. J. McCord's, Chart House's Moxie's, Saga's Spoons, G. D. Ritzy of Ohio with its added ice cream touch and of course Marilyn Lewis' Hamburger Hamlets.

Chains expect to continue the customer counts/and earnings gains of last year's second half after the flat periods of the last few years. Earnings for the latest available quarters were encouraging with an overall surge, highlighted by such net profit increases as Pizza Inn's ARA 167%; Frisch's 54%, Denny's 14%, Godfather's 28%, Rax's 105%, IDQ's 13%, Peoples Restaurants' 132%, McDonald's 16%, Wendy's 30%, Saga's 33%, Winners Corp.'s 25%, Chart House's 20%, Morrison's 16% and Luby's Cafeterias' 17%.

A few notable exceptions to the rapid upswing were Jerrico, up only 3% at its Long John Silver's chain was hit by a slump in the fast-food seafood market; Church's, off 37%; Piccadilly Cafeterias, off 30%, and Victoria Station—still trapped by an inflexible railroad boxcar format, a $1.06 million net loss in the latest reported quarter.

Leading chains hope to maintain the traffic gains they were showing when they moved into the fourth quarter. Estimates of real sales increases (average unit volume increases minus menu price rises) against the same period the previous year were running as high as 9% for McDonald's, Wendy's and Taco Bell, 11% for Pizza Hut, 10% for Jack in the Box, 7% for Hardee's, 6% for Howard Johnson and 5% for Denny's.

Economic signs are promising on all fronts. Unemployment is dropping, although not fast enough to please everyone. The minimum wage will remain the same through '84, and costs will rise only moderately. Beef and broiler wholesale prices may not rise anywhere near as much as the 10% to 20% increases that had been predicted earlier by some experts.

But chains are likely to rise, fall or finish somewhere in between this year based on their capacities to make the tough decisions necessary to gain more productivity and a higher return from their existing assets and on their acumen in seeking viable new restaurant assets.

MONTHLY STORE SALES OF MAJOR CHAINS

	Per Cent Change Over October 1982			
	Total Store Sales	Menu Price Rise	Real Sales	Prior Month Real Sales Changes
Big Boy	6%	4%	2%	15%
Burger King	14	1	13	17
Church's	7	2	5	4
Denny's	10	4	5	4
Dunkin' Donuts	5	3	1	3
Friendly Ice Cream	6	2	4	7
Hardee's	9	1	7	10
Howard Johnson	9	2	6	1
Jack-in-the-Box	14	3	10	11
Kentucky Fried Chicken	7	3	4	1
Long John Silver	2	2	0	6
McDonald's	10	1	9	11
Pizza Hut	14	3	11	10
Ponderosa	7	4	3	(4)
Taco Bell	11	3	9	14
Wendy's	11	2	9	8
Winchell's	6	5	1	5
Average	8.7%	2.6%	5.8%	7.0%

Source: Restaurant Trends

Will '83 momentum carry?

(Continued from page 61)

jump 4% in the commercial group but only 1% in the noncommercial group. (Miscellaneous categories would account for another $1 billion.)

Within the commercial market, full-service restaurants are projected for a 9.2% increase to $49.9 million, with 3.9% real sales growth. But limited menu restaurants or fast feeders would soar 10.7% to $41.2 billion for a 5.4% real sales growth.

The forecast predicts the sharpest upsurge in the airline business, with airline contract feeders slated for a 7.2% real sales increase and the airlines' own food service seen headed for a 6.6% rise.

While wholesale prices may climb slightly more this year than last year, the NRA expects a strong economy, rising employment and a relatively low inflation rate to exercise a positive influence on food service results.

Within the category showing the fastest real sales growth now—fast food—hamburger-oriented units have shown a steady upsurge in real sales increases since last spring, culminating in as much as a 9% fourth quarter average rise, compared with 1972's fourth quarter, according to Restaurant Trends surveys.

An encouraging sign for the fast-food and coffee shop segments in particular is that the average combined real sales rises of selected leading chains have been steadily outpacing food store real sales rises by an increasingly wide margin although an apparent aberration appeared in the third quarter when these food-service chains' average real sales jumped 5.6% over 1982's third quarter while food store real sales suddenly spurted 5%. But by the fourth quarter the gap had widened again, 5.8% to 1.2%.

The fast-food chains' general success in holding price increases to a minimum has been instrumental in building a sales growth advantage over the local supermarket or grocery store. Fast feeders have been able to hold menu price rises in the past year to about 3%, compared with 4.5% for the entire food-service industry.

Notable new product introductions and rollouts during the year such as McDonald's Chicken McNuggets and Wendy's baked stuffed potatoes, along with intensive breakfast pushes, are aiding fast feeders.

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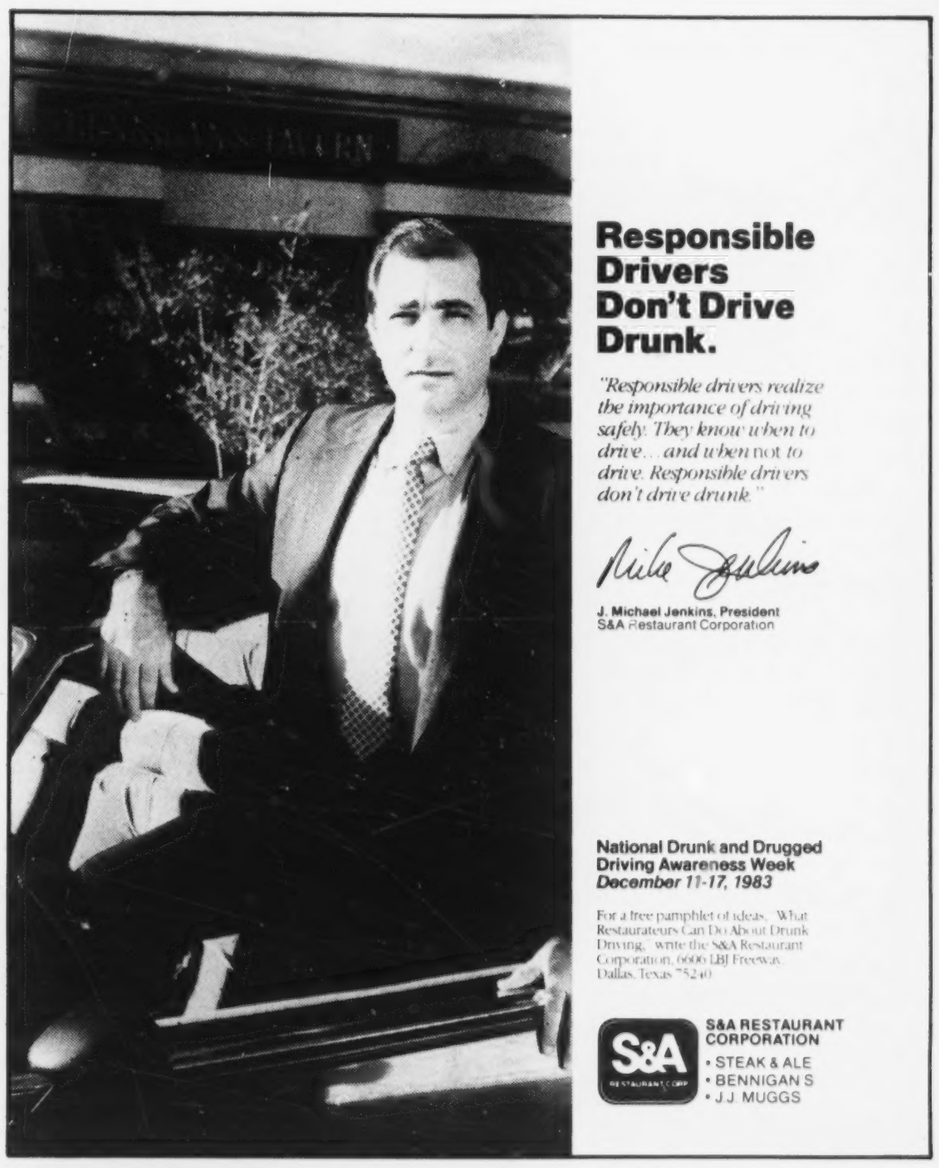
WASHINGTON OUTLOOK '84

Waiting on the election year siege—Pp. 33-39

Nation's
Restaurant News®

The Newspaper of the Food Service Industry

Vol. 18, No. 2 | Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year | January 16, 1984


Responsible Drivers Don't Drive Drunk.
"Responsible drivers realize the importance of driving safely. They know when to drive... and when not to drive. Responsible drivers don't drive drunk."
J. Michael Jenkins, President
S&A Restaurant Corporation
National Drunk and Drugged Driving Awareness Week
December 11-17, 1983
For a free pamphlet of ideas, "What Restaurateurs Can Do About Drunk Driving," write the S&A Restaurant Corporation, 6606 LBJ Freeway, Dallas, Texas 75240.
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• BENNIGAN'S
• J.J. MUGGS

S&A Restaurant Corp. ran this ad in regional editions of *Time* as part of a program to curb drunk driving.

Operators seek answers to drunk driving dilemma

By Roman Czajkowsky

A restaurant in northern California offers patrons special "driver" ID buttons to anyone promising not to drink liquor so that he or she can drive drinking buddies home. In return, the button can be exchanged for free drinks at a later date.

In Washington, D.C., a restaurant near the United States Capitol has arranged for low-cost rooms at a nearby hotel for bar guests who've had one too many. Posters saying "Take the elevator home" advertise the service.

A major restaurant company headquartered in Texas has been test-marketing an ad in regional editions of Time magazine admonishing readers that "Responsible drivers don't drive drunk." It also offers restaurateurs a free pamphlet on what they can do about drunk driving.

Prodded into action by the growing public outcry against drunk driving, stung by legislative proposals aimed at curtailing liquor sales in restaurants and bars or fearful of the rush of lawsuits under third-party liability laws now being dusted off or written into the books, restaurant and bar owners across the country are responding in a variety of hands-on ways to reduce the threat to their businesses.

Still others, mindful of a pervasive public perception that the restaurant/bar industry bears major blame for drunk driving accidents, worry that it's too late to deal with adverse liquor legislation already before state legislatures. To counter potentially even tougher antiliquor measures, they're mounting major public relations campaigns aimed at portraying the industry as socially and morally responsible and anxious to work hand-in-hand with any group that deals with the drunk driving problem.

The threat of the various legislative proposals and increased enforcement of drunk driving laws is very real: In a number of towns where drunken driving has become highly publicized and enforcement efforts have increased, liquor sales—in many cases the bread-and-butter of a restaurateur's income—have nosedived.

By all accounts, drunk driving/liquor service liability is emerging as perhaps the major—and certainly the most complex—issue restaurant and bar owners will face in 1984 and beyond. But some restaurateurs charge that the industry as a whole is not doing nearly enough to deal with the problem, and point to what they say is a cynical attitude about continued irresponsible liquor service on the part of some of their colleagues.

There's little dispute that restaurant and bar owners are facing a formidable task in grappling with the issue. One problem, some say, is that the issue has been taken up by well-organized and highly visible groups of "neo-prohibitionists" who'd just as soon see even responsible liquor service severely curtailed.

(Continued on page 72)

Denny's to acquire all 78 Colony Kitchens

By Richard Martin

LA MIRADA, Calif.—Denny's Inc. is set to take its biggest bite to date in its two-year diet of competitors' restaurant properties—a move which marks the end of family restaurant operations for Colony Foods Inc.

For $13.6 million in cash, the 2,080-unit, $1.2 billion-annual coffee shop powerhouse would acquire all 78 Colony Kitchen restaurants in five Southwestern states under a definitive agreement reached late last month.

Denny's latest move in its low-cost acquisition/conversion strategy of expansion would push to more than 200 the number of restaurants it has purchased from struggling competitors since it first bought 12 Sambo's units in November 1981.

A total of 75 VIP's and Alphy's restaurants were acquired in 1982 for the combined purchase price of some $19.4 million. In November 1982 the company bought another 44 Sambo's units for about $14 million; negotiations are now reportedly under way for 15 more Sambo's sites.

An uncertain future now awaits five-year-old Colony Foods, based in El Cajon, Calif. A subsidiary of New York City-based Trust House Forte Food Services Inc., Colony had sales estimated at $44 million in 1982, when it operated some 86 restaurants—some 20 fewer than the year before.

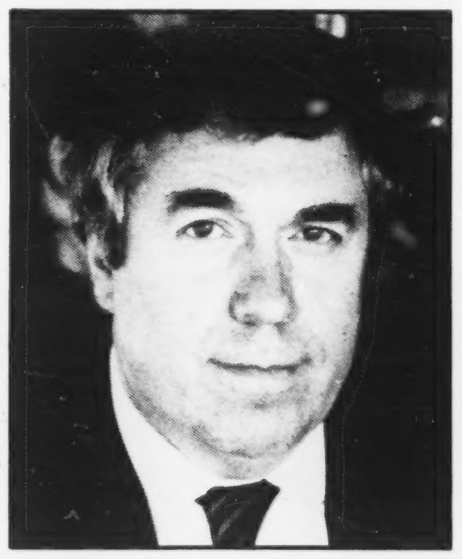
Colony's closure or sale of eight units last year was thought to coincide with slipping average-unit sales, estimated at half the current approximate $1 million annual unit averages of Denny's.

Neither Roger Manfred, president, ceo and chairman of Colony, nor Edward Mitchell, the company's executive vp and chief operating officer, would comment on the pending sale or Colony's future under Trust House Forte.

Contacted in New York, Trust House Forte Food Services director of operations Douglas Tait confirmed that the deal with Denny's would mean a termination of the company's business in the family restaurant segment. But Tait told *Nation's Restaurant News* his company was gearing up for coast-to-coast expansion within the next five years of contract food-service operations, pending finalization of its recent purchase of two companies in that segment.

Tait would not name the two companies, nor would he comment further on Trust House Forte's planned contract-feed-

(Continued on page 72)



Vern O. Curtis

Libel case renews operator-critic battle

By Joe Edwards

NEW YORK—Reactions ranging from elation and surprise to anger and outrage greeted last month's shocking decision by a Manhattan jury to award $20,005 in compensatory and punitive damages to an operator whose restaurant received a negative review.

Some operators predictably applauded the decision, claiming it would force reviewers to be "more responsible." Others, however—especially reviewers and editors—said it smacked of censorship and violated First Amendment rights of freedom of the press.

Reached after a four-day trial in which a noodle chef was allowed to demonstrate his techniques to the jury and judge, the decision re-ignited the long-smoldering dispute between restaurateurs and reviewers and again brought into question the role of the press in food service.

"If a decision like this is allowed to stand it will open a hornets' nest," declared Marian Burros, *New York Times*' food critic. "If I'm outraged it's because the defense didn't put up a good case and maybe the judge let in more evidence than he should have."

Calling the decision "outrageous" and "insane," Arthur Schwartz, *New York Daily News*' restaurant reviewer, said "the whole thing is just an aber-

(Continued on page 71)

Bojangles' rapid growth pressing segment leaders

By Charles Forman

ANNAPOLIS, Md.—As Bojangles opened its 200th unit beside a shopping mall here late last fall, predictions that the Horn & Hardart subsidiary would soon be the nation's No. 3 fast-food chicken chain flowed as freely as the champagne.

With its million dollar average annual unit sales and all-day menu based on biscuits and spicy chicken, Charlotte, N.C.-based Bojangles is riding high in an aggressive drive to preemptively exploit the potential of the upscale fast-food chicken market.

While new units are still opening along the East Coast, the company is turning its attention west to Texas, where 90 restaurants are planned in what seems an obvious assault on a confused and weakened Church's.

In addition, the company is emphasizing utilization of a new prototype building which should lower average per-unit investment costs, introducing

(Continued on page 71)

LATE NEWSBREAKS

Red Lobster has disclosed that as part of its new marketing emphasis it will zero in on the burgeoning take-out market with a variety of prepared platters and seafood salads available at all its 376 units. *(Earlier story, page 2.)*

No New Year's football bowl contest was more competitive than the fierce battle between McDonald's and Burger King, who kicked off 1984 with a nationally advertised head-to-head clash of 39¢ 2-oz. hamburgers.

Trans World Corp.'s spinoff of 81% of money-losing Trans World Airlines has been O.K.'d by shareholders for Feb. 1. Left will be food service, hotel and real estate businesses.

Hyatt Corp. has filed a $4 million damage suit in a Kansas City, Mo., circuit court charging designers and builders of the Kansas City Hyatt Regency Hotel, where 114 people were killed when two skywalks collapsed in 1981, with negligence.

With sales, profits slipping away . . .

Red Lobster scrambles for ways to retain turf

ORLANDO, Fla.—Obviously concerned about weakened sales and profits, Red Lobster executives are reviewing a wide array of marketing and operational options for a strategy that will beat back emerging competition from other dinnerhouse chains and from the casual theme segment.

Though final decisions are still months away, officials are looking for ways to reposition the 370-unit chain. One insider characterized the moves being considered as defensive, directed against "the increasing amount of concepts where you can get a drink and a lower-priced meal."

Saddled with menu price hikes which came faster than upgrading in recent years, Red Lobster's customer counts have been undercut by competitors such as Bennigan's, T.G.I. Friday's, Chi-Chi's and Chili's, said the executive.

The first step came last month when Red Lobster fired its advertising agency, D'Arcy-Macmanus & Masius, after seven years, and hired Backer & Spielvogel instead.

The status of Red Lobster's 3½-year-old campaign, "For the seafood lover in you," was left in doubt. As recently as last June Red Lobster officials had pledged to continue the program and the agency.

Red Lobster executives griped privately that D'Arcy was unable to spot long-range trends and develop dramatic new ideas.

"Red Lobster marketing has begun to move into a new phase in our long-term growth plan, which will require more strategic and aggressive direction," said Ray Caruso, marketing vice president. Caruso, who joined the firm from McDonald's last April, declined to elaborate.

But executives explained privately that the "seafood lover" campaign did a better job of boosting fish sales in general than it did in hooking watchers into a dinner at a Red Lobster restaurant.

Red Lobster disclosed its agency switch less than a week after the end of its second quarter which was a disappointing one.

General Mills, Red Lobster's parent, said the chain's operating profits slipped below last year's second quarter.

The conglomerate's other restaurants, however, demonstrated aggregate advances—despite York Steak House's move in September to close 22 ailing units, leaving it with 129.

The restaurant group also operates about 50 other restaurants under the Casa Gallardo, Darryl's and Good Earth banners.

General Mills attempted to reassure shareholders that Red Lobster "has a number of menu and interior design changes in test." One of those, said one source, was oyster bars. But Red Lobster has already begun emphasizing more finger foods and bar sales.

The most dramatic change for the high-ticket chain, however, may be the aggressive promotions planned for the next six months.

Ironically, Joe Lee, president of the restaurant group, has been a vehement critic of price discounting in the food-service industry. He has termed it short-sighted and counter-productive.

But it now seems clear that Red Lobster has suffered because of others' couponing.

Apparently the chain's lower middle class spenders were hard-hit by recession and have not regained the Red Lobster habit—while other chains, which stress bar sales and moderately priced entrees with low food costs, capitalized on consumers' new price resistance.

The chain's construction subsidiary has not built bright and airy facilities as it cookie-cut 30 new units a year. Greenhouses, it is thought, must be under consideration.

Initially the changes at Red Lobster will apparently be a new focus on marketing. The company will probably stress drinks, finger foods and the seafood that appeals to a newly health conscious generation.

Operationally, new physical plants and kitchens may be needed. Grills are already being systematically installed as replacements for aging broilers.

But whatever changes Red Lobster executives wring, they will have to remain subtle because of the sheer costs involved.

Red Lobster is in no danger of losing its hammer-lock on the seafood dinnerhouse market. It has no national challengers and, as a category distinguished from family steakhouses, it remains the nation's biggest dinnerhouse chain.

Fourth straight year of losses, Rioux exit cloud Big Bite future

COLUMBUS, Ohio—Facing its fourth consecutive year of operating in the red, Big Bite closed 19 of 24 fast-food sandwich shops in December shortly after Charles L. Rioux resigned as president and chief executive.

Performance of the remaining five restaurants is being evaluated and a decision will be made shortly whether to keep those units open with a revamped menu or shut them down and go into another business, a Big Bite official said.

Rioux's resignation in early December fueled speculation that Big Bite was in trouble. Rioux himself told a reporter that most Big Bite units were losing money and some top executives favored closing the chain.

Chairman Richard Stimmel, however, said at that time there was no danger of Big Bite going bankrupt but admitted he was considering new products and concepts. Five restaurants had been shut down because they could not accommodate drive-thru windows, he added.

Stimmel, who has not named a replacement for Rioux and is serving as acting chief executive, noted that Big Bite has more than $2 million in the bank and owes only about $80,000.

Less than two weeks after he made these comments, however, Big Bite disclosed that most of its restaurants had been closed. The company expects "significant" fourth quarter write-offs related to the closings, an official said.

Founded in 1980, Big Bite reported mounting losses in its first three years: $15,714 in 1980, $110,000 in 1981 and $719,000 in 1982. In the first nine months of 1983, Big Bite lost $1.5 million on revenues of $4.7 million. In the third quarter, the chain lost $569,000 on $1.5 million revenues.

Big Bite went public in 1981 with an initial offering price of $13 a share. In over-the-counter trading the day the 19-unit closings were disclosed, Big Bite shares were down 75¢ to $1.875.

Rioux, a former Wendy's executive vice president, joined Big Bite in 1982 as president and chief operating officer and was named chief executive last

(Continued on page 71)

Industry delays Labor Dept. program

WASHINGTON—Responding to restaurant industry concerns, Labor Department officials have at least temporarily sidelined a plan for strict new eligibility verification requirements for the Federal Targeted Jobs Tax Credit program.

Under current T.J.T.C. procedures, food-service operators and other employers may claim Government tax credits subsidizing up to 50% of the wages paid to certain newly hired workers who "certify" that they belong to an "economically disadvantaged" family.

New T.J.T.C. guidelines developed by the department late last year, however, would allow states to drop this "self-certification" approach and require individuals to supply proof of family income.

Business groups in and out of the food-service field caught wind of the department's plan and launched a last-minute campaign to scuttle the new eligibility verification standards.

Officials at the National Restaurant Association—one of several groups that met with Labor Department regulators late last year in an attempt to block the guidelines—predicted that tougher verification requirements would "have the potential for seriously eroding participation in the program."

A number of major chains which use T.J.T.C. wage subsidies extensively to reduce payroll costs believe that "requiring this documentation 'up front' places an unnecessary burden on prospective employees, who for a variety of reasons may not have or may be reluctant to provide these [family income] records to the Government," NRA said.

Significantly, several states have already jumped the gun on Federal verification rules by requiring teenage job applicants seeking T.J.T.C. status to produce their parent's pay stubs or W-2 tax forms to prove that their family income falls below 70% of the Labor Department's Lower Living Income Standard.

Although the Federal income verification plan would not ap-

(Continued on page 72)

Luby's president Lahourcade takes chairman Wenglein's place as ceo

SAN ANTONIO—Luby's Cafeterias president John B. Lahourcade has taken over a chief executive officer from board chairman George H. Wenglein.

In turn, Lahourcade has passed his duties as chief operating officer to Henry O. Jones Jr., who retains his executive vice president title.

Wenglein will keep his board post.

The three are all longsanding corporate managers for Luby's, which owns and operates 68 cafeterias in Texas.

Robert M. Luby, who opened the first Luby's Cafeteria with Charles R. Johnston in 1947, retired as company chairman in 1982.

"Our policies and philosophy haven't changed a bit in 36 years," said Lahourcade. "Our main function as a cafeteria company is to provide good food in a comfortable surrounding at an affordable price."

Luby's Cafeterias are typically located convenient to shopping and business developments and residential areas.

For the fiscal year ended Aug. 31, 1983, Luby's net profit totaled $13.9 million, an increase of 20% over the $11.6 million of the previous fiscal year. Luby's fiscal $83 revenues were $144.1 million, an increase of 12% over the $129.2 million recorded in fiscal '82.

Sohio to buy Truckstops

CLEVELAND—Standard Oil Co. (Ohio) has agreed to buy Nashville-based Truckstops of America, operator of 34 truckstop facilities across the nation, for more than $85 million.

Truckstops, a division of Rider Systems, lost $2 million in its last complete fiscal year as diesel fuel margins came under pressure.

At 32 of its locations Truckstops operates Country Pride 24-hour restaurants, which reportedly had been holding their own.

The restaurants average about 125 seats and $2.2 million per unit in average annual sales. Truckstops also became a Burger King franchisee in the past year, with three units, as it perceived a growing need from its core truck-driver customers for faster service.

Sohio already operates 16 of its own truckstops along various highways.

The deal between Rider and Sohio is expected to be completed before the end of this year's first quarter. Still needed for finalization is approval of both companies' boards.

HIGHLIGHTS IN THIS ISSUE

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24 **Flakey Jake's, the fledgling "gourmet" burger chain developed by Sea Galley last May, has opened its fourth unit—a freestanding prototype in Seattle.**

28 **To make the "perfect" french fry, Don Goldberger spent six months developing a secret three-stage frying process for use at his New York Fries operation at the South Street Seaport.**

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NATION'S RESTAURANT NEWS
(ISSN 0028-0518)
Published by Lebhar-Friedman Inc.
425 Park Ave., New York, N.Y. 10022
All Correspondence to:
Editorial Offices:
425 Park Ave., New York, N.Y. 10022
Telephone: 371-9400
Cable: LEBHARFRIED

Published biweekly—every other Monday; monthly in December. Subscription rate $18 a year, $34 for two years. Single copy rate $2. Outside U.S.A., Canada, $19 a year, $36 for two years. Foreign subscriptions (air mail only) $100 per year. Second class postage paid at New York, N.Y., and additional mailing offices.

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For change of address, six weeks notice to Subscription Dept., 99 Park Ave., New York, N.Y. 10157 is requested. Give old and new address and zip code. If possible, enclose address portion from cover or previous issue.

Vol. 18, No. 2 January 16, 1984

COMMODITIES

Citrus growers stunned by unexpected freeze

NRN Special Report

Freezing temperatures hit the citrus growing areas of central Florida Dec. 26 and caused damage to the ripening orange crop estimated by some sources to be as high as 60% of the oranges.

Producers were calling in extra help to pick all fruit possible to process into juice. This will curtail supplies of fresh oranges, but will save much of the damaged ripe fruit, which does not immediately react to the freezing. Damage to unripe fruit, however, could cause it to fall before it reaches maturity—resulting in a total loss.

Citrus growers were bitter about lack of warning from weather forecasters. Workers were off for the Christmas holiday and couldn't be called back in time when the chill temperatures hit.

A major worry of growers is the amount of damage that may have been done to vulnerable young branches. Extensive damage could cut back crops of fruit over the next year or two. Definitive estimates of the damage by the Florida citrus authorities were not expected for a week or more, after *NRN* went to press, since agency representatives will have to tour the orchards to assay the damage.

The freeze also hit hard at the Florida strawberry and tomato fields, heralding shortages in fresh supplies of both of those crops in the weeks ahead. With threats of further freezing weather to hit the area, farmers are sharply revising production forecasts.

The bitterly cold weather held the major cattle, hog and sheep raising areas of the country in a freezing grip for over a week, with some herd and flock deaths reported, and normal marketing completely disrupted. By the end of the year, prices for all three types of red meat were up from 15% to 25% over the beginning of the month, due to the constriction of supply. The hikes are considered largely temporary, however, and prices should moderate somewhat when the freeze abates.

Another factor contributing to higher prices for several weeks after normal marketing is resumed is that the average weight of animals will be lower than usual, caused by the cold diverting the food energy into heat rather than growth. Cattle in unprotected feedlots are subjected to the same delayed gains, thus slowing marketing.

For the long term, meat prices are still expected to rise as much as 25% to 40% over last fall's low points, a result of the higher cost of feed and the cutbacks producers have made in herds. The rise was expected by early summer, but the effects of the freeze could push the effective dates up to midspring.

At the end of the year, the freeze had not darkened the future of the large winter wheat crop planted by farmers. While it will not be as large as 1982's record harvest, normal results should be as much as 4% to 5% larger than the 1983 crop. At the time of planting, prices for wheat were up, and farmers were disenchanted with the Payment In Kind (PIK) program the Federal Government had instituted last year to control surpluses. The

(Continued on page 71)

PRICE MOVEMENT AT A GLANCE

	Dec. 23, 1982	Nov. 23, 1983	Dec. 23, 1983
Beef, Choice, 700-900 lb., Midwest (lb.)	$ 0.94	$ 0.91	$ 1.02
Beans, Great Northern, dry, Nebraska (cwt.)	$15.75	$26.00	$29.00-31.00
Broccoli, Grade A, frozen spears, Calif. (lb.)	$ 0.57-0.60	$ 0.50-0.57	$ 0.50-0.57
Broilers, Grade A, icepack NYC (lb.)	$ 0.4606	$ 0.6050	$ 0.6110
Cocoa, Ivory Coast, NYC (lb.)	$ 0.8328	$ 1.0805	$ 1.2887
Coffee, green beans, Brazil, NYC (lb.)	$ 1.36	$ 1.47	$ 1.55
Eggs, Grade A large, white, Chicago (doz.)	$ 0.705	$ 0.90-0.94	$ 0.99-1.01
Lettuce, iceberg, California (24s)	$ 4.00-6.00	$ 6.00	$ 6.00-8.00
Pork loins, Choice, 14-17 lb., Midwest (lb.)	$ 1.08	$ 0.71	$ 0.98
Potatoes, round white, Maine (50 lb.)	$ 1.25	$ 3.40-3.75	$ 3.80

Source: *NRN* Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

Grace gunning for 'adult' market with revamped T. J. Applebee's

By Charles Bernstein

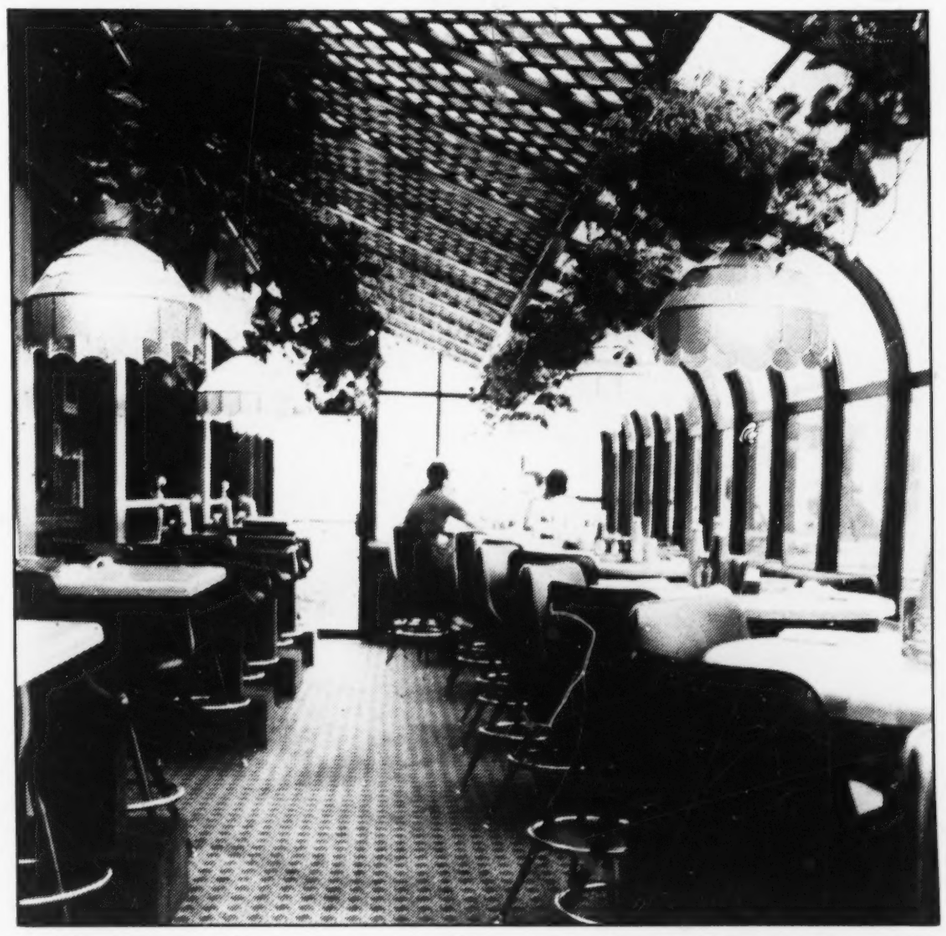
ATLANTA—Dedicated to the proposition that "smaller is better," W. R. Grace last month unveiled its newest version of an "adult fast food" casual neighborhood pub.

Called T. J. Applebee's and with some nuances over the previous three launched here, the newest one opened on a 3,100-sq.-ft. lot and only 130 seats in a shopping mall at 6649 Rosewell Road, Sandy Springs. It's Grace's answer, in nonhamburger terms to Chili's, Fuddruckers J. J. Muggs, Flakey Jake's and the host of other such "adult fast food" places that have sprung up to vie for the 21-to-49 age group "on the run" with average per-person tickets in the $5 or $6 range.

At the same time Grace is gearing its Del Taco Mexican Cafes, some 100 units converted from Del Taco, to an "adult Mexican fast food" format. Together, under the Creative Food 'N Fun banner, Grace may spin off its fast-food division (Applebee's and Del Taco), just as it has decided to spin off El Torito in a public offering.

Lou Neeb, president of Grace's fast-food division, is determined to keep Applebee's initial investment cost in land, building and equipment at $750,000.

"We want to remain small in unit size and scope so that we can open one unit every three miles [if a 75,000 population is available in that radius] and thereby be known as a local neighborhood pub rather than some kind of chain restaurant," he said. Thus, lower-cost conversions of existing restaurant sites and shopping mall locations will be emphasized.



With the emphasis on "smaller is better," the newest T. J. Applebee's seats only 130 and resembles a neighborhood pub. Initial investment cost for the unit was only $750,000.

Geared to no more than six or seven turns in a 15-hour day and no more than a 35-to-45 minute meal period, Applebee's maintains a 40% liquor sales ratio with a horseshoe-shaped bar strategically positioned in the center of things.

In that sense, and with some of its menu mix, though lower-priced and smaller in scope, Applebee's isn't that different from Bennigan's, Houlihan's and T.G.I. Friday's on their liquor-to-food ratios.

But the latter all steadily grew larger from their initial neighborhood tavern concepts, whereas Neeb wants Applebee's to stay the same size and keep achieving $1.5 million to $1.8 million annual sales.

(Continued on page 54)

New chief executive officer

Kozlowski succeeds McGuire at Canteen

Robert A. Kozlowski

James T. McGuire

By Ken Frydman

CHICAGO—In an anticipated move, Robert A. Kozlowski has been elected chief executive officer of Canteen Corp., succeeding James T. McGuire, 65, who has become the company's vice chairman. Patrick O'Malley will remain Canteen's chairman emeritus.

Canteen's change of command was mandated by the corporate policy of its parent company, Trans World Corp. All executive officers of Trans World and its subsidiaries must retire at age 65, though board members may stay on until 70. McGuire, who has held a variety of executive posts since joining Canteen in 1940, had been the company's president and chief executive officer for more than two years. He will continue to sit on Canteen's board of directors and act as a paid consultant.

Prior to his promotion, Kozlowski, 58, was executive vice president and general manager of Canteen's food and vending division, a position he assumed in April 1983. A 34-year veteran of Canteen, Kozlowski served in many other executive positions.

McGuire's retirement and Kozlowski's ascension are unlikely to result in redirection of Canteen's marketing and business strategies. Canteen hopes to remain the nation's largest industrial food-service provider, by emphasizing its established blue-collar work force contracts and continuing a strong new push into expanding white-collar service sector.

(Continued on page 71)

Chart House, Godfather's merger final

ITASCA, Ill.—Stockholders gave final approval to the deal merging Chart House into Godfather's Pizza late last month and concurrently to a name change for the parent from Godfather's to Diversifoods Inc. with headquarters here outside Chicago.

Diversifoods' principal officers will be William E. Trotter II, board chairman; Donald N. Smith, president and ceo; William M. Theisen, vice chairman.

Final terms of the merger resulted in conversion of each share of Chart House common stock into 1.17 shares of Godfather's common.

Diversifoods operates and franchises 1,300 restaurants.

Scott Bergren

Bergren named Round Table president

By Don Jeffrey

SAN FRANCISCO—Round Table Pizza, a 375-unit, mostly franchised chain based here, has promoted 37-year-old Scott Bergren to president and chief operating officer.

Ned Deans, who was Round Table's president 2½ years, left to take a similar position at Hills Bros. Coffee. Richard Dumke, Round Table's chairman, remains chief executive officer.

Also promoted was 31-year-old Micheline Chau, to executive vice president from vice president, chief financial officer. She retains, however, the duties of chief financial officer.

Bergren was promoted from senior vice president of franchise services. He joined the company in 1979 as marketing director when there were 156 stores. At the end of 1983 there were 375 stores, all but two franchised. Systemwide sales for the year ended June 30 were $134 million.

Bergren said the company would remain heavily franchised. At one time it operated 14 of its own restaurants but executives "found it distracted us from our business: franchising," according to Bergren.

Unit expansion is pegged at 125 stores a year. Bergren said growth would be concentrated in the upper Midwest.

Round Table is a Western and Midwestern chain. Its easternmost unit is a relatively new one in Peoria, Ill.

Much of the chain's growth has been through acquiring

(Continued on page 71)

FINANCIAL NEWS

Pancho's Mexican Buffet year-to-year profits up 41%

FORT WORTH—Pancho's Mexican Buffet Inc. reported a net profit increase of 41% to $1.16 million for the year ended Sept. 30 compared to the same period a year ago. Revenues were up 4.5% to $25.3 million.

In the fourth quarter net profits rose 13% to $439,858 while revenues jumped 18% to $7.3 million.

Hollis Taylor, president and chief executive officer, attributed the large increase in profits to several factors: maintaining customer counts after a price increase more than a year ago; real growth in sales; a 2% overall decrease in food and labor costs, and the payment of very little interest on debt.

Taylor also noted that there had been no discounting or couponing.

The company, based in Fort Worth, also reported the purchase for $1 of a former licensee, PMB Enterprises West, which operated two Pancho's Mexican Buffets and one Emiliano's Restaurante y Cantina.

Taylor said the parent company took the struggling PMB under management contract in 1979, with the stipulation that if the licensee was turned around, Pancho's could purchase it for the nominal amount.

Total volume this year at the three former PMB restaurants was about $2.75 million.

The parent company now operates 29 Pancho's, a Mexican-style cafeteria chain with average checks of $3.50 at lunch and $4.50 at dinner; three Spanish Galleon Seafood Restaurants, with check averages about $4.50 and $6.50, not including drinks, and two Emiliano's, also with $4.50 and $6.50 check averages, drinks not included.

Carrols Corp. net up 45% in 2nd quarter

SYRACUSE, N.Y.—Carrols Corp., operator of 104 Burger Kings and franchisor of candy and nut shops, said it expects net profit for the quarter ended Nov. 30 will increase more than 45% over the $737,000 reported for the same period last year.

Revenues for the second quarter rose 40% to $29.7 million.

For the first six months of fiscal 1984, net profit is expected to advance more than 35% from last year's $2.2 million, according to preliminary figures. Revenues increased 43% to $62.2 million.

This year's first half covered 27 weeks, compared with 26 weeks last year. Results for this year's quarter and a half also include JoAnn's Nut House, which Carrols acquired June 1, 1983. At quarter's end, the franchised network of candy and nut shops included 119 JoAnn's and 40 Chez Chocolat units in 21 states.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Dec. 30							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Name	Symbol	High	Low	Close	Change Amt.	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	6.00	5.88	5.88	-.13	-2.08	7.50	5.00	.06	-.52	-2.73	26.92	.05	.10	N	500.0	-8.0	.3	49.0	.00	.0	01-06-81	37.1	.1	1.4	6.13	2.99	1082
Am Motor Inns	INN	32.88	31.75	32.63	.38	1.16	38.50	26.75	-.15	.10	.49	-40.58	2.52	.49	Q	22.0	45.0	8.6	12.0	.30	.9	01-26-84	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	51.00	49.75	50.63	-.13	-.25	55.25	33.75	-.05	-.06	1.13	16.13	4.51	1.08	F	31.4	-3.0	1.8	11.2	2.05	4.0	11-25-83	3056.6	53.7	1.1	22.39	44.25	0982
Assoc Hosts	AHST	13.25	12.25	13.00	.25	1.96	18.50	5.84	-.71	.32	7.00	25.17	.72	.34	F	89.4	-5.0	3.6	18.1	.12	.9	12-12-83	88.3	3.2	1.6	4.40	5.05	0982
Beefsteak Char	BCS	4.50	4.00	4.13	-.25	-5.71	9.75	4.00	-.42	-1.95	3.81	31.89	.88	-.28	N	-35.4	32.0	3.7	8.1	.00	.0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	22.75	21.00	22.75	1.50	7.06	26.81	19.41	-.39	1.64	1.54	-14.36	.89	.12	S	14.1	23.0	7.5	23.5	.26	1.1	11-03-83	187.5	14.1	3.0	.00	5.54	0483
Bonanza Intl Inc	BNZA	1.25	1.00	1.25	.00	.00	3.69	1.00	-1.21	3.82	-1.24	-6.80	.06	1.11	N	NE	-84.0	3.1	5.0	.00	.0	11-02-83	16.1	.5	1.6	4.85	.84	1282
Brock Hotel Cp	BHC	7.00	6.50	6.63	.00	.00	11.25	5.38	.12	-.78	.23	-.46	.55	-.97	N	-118.2	-6.0	2.8	NE	.10	1.5	09-27-83	255.6	7.1	1.1	[illegible]4	4.38	1282
Calny Food	CLNY	9.75	9.50	9.75	.50	5.41	11.50	7.00	.03	.23	4.25	-24.75	.53	-.03	N	-4.9	8.0	4.6	16.8	.16	1.6	11-22-83	30.2	1.4	.4	2.48	1.49	0283
Captain Crab's	CRAB	4.63	3.75	4.50	.88	24.14	8.38	2.50	-1.55	-.21	4.00	-19.64	.00	.00	F	NC	NC	.0	NE	.00	.0	00-00-00	1.5	.0	7.0	.04	.22	0882
Carrols Cp	CRL	10.88	10.00	10.13	-.50	-4.71	11.88	3.47	.85	-1.39	.35	-28.65	.50	.28	F	127.2	69.0	3.6	20.3	.06	.6	08-29-83	85.2	3.1	.6	3.28	2.00	0582
Chart House	CHHO	20.00	18.75	18.75	-.25	-1.32	25.19	13.75	-.44	-1.86	1.31	-19.63	1.39	.05	N	3.5	15.0	4.9	12.9	.40	2.1	10-18-83	382.0	18.7	1.0	6.14	8.75	1282
Chi-Chi's	CHIC	23.75	21.50	23.75	2.13	9.83	29.00	13.94	-.47	1.91	2.44	-8.58	.39	.26	S	96.2	67.0	9.4	44.8	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Ch Full O Nut	CHF	12.75	12.13	12.13	-.25	-2.02	24.38	11.13	-.18	-1.67	-3.98	3.91	.64	.14	Q	29.7	-2.0	2.9	19.9	.50	4.1	12-09-83	111.6	3.2	3.1	.43	5.97	0782
Churchs Fr Ch	CHU	23.75	22.50	23.50	-.13	-.53	33.50	21.84	-1.04	-.41	-1.95	29.60	2.19	-.27	N	-11.8	11.0	10.1	11.7	.72	3.1	10-24-83	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.13	2.88	3.00	.13	4.35	4.00	2.63	.15	-.31	4.12	15.45	.13	.46	S	NE	30.0	2.1	10.3	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	19.88	19.50	19.75	.13	.64	21.63	11.69	-.08	-.38	-3.89	20.92	1.47	.30	S	22.5	28.0	3.8	12.1	.20	1.0	12-23-83	324.4	12.4	1.8	4.14	8.71	0483
Consul Corp	CNSL	13.50	12.88	13.50	.25	1.89	18.75	10.75	-1.20	-.12	1.65	-9.16	.26	.30	S	500.0	40.0	2.5	42.2	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	21.00	18.75	21.00	1.50	7.69	27.34	13.19	-.09	-.04	5.89	-5.31	.86	.09	Q	12.0	25.0	4.4	25.0	.14	.7	11-28-83	45.7	2.0	4.1	2.64	7.33	0783
Denny's Inc	DEN	37.00	34.88	36.50	1.75	5.04	39.25	27.13	-.18	.30	-3.74	-14.20	2.54	.13	Q	5.2	13.0	3.8	14.0	.72	2.0	12-06-83	1054.6	40.2	1.7	17.92	17.17	0683
Dunkin Donuts	DUNK	22.63	21.13	21.38	-1.50	-6.56	28.75	16.25	.01	.17	2.28	-4.99	1.62	.22	F	15.7	26.0	9.7	13.2	.28	1.3	11-01-83	81.6	7.9	1.2	12.87	15.97	1082
Fast Food Oper	POPI	2.38	2.25	2.31	-.06	-2.63	4.63	1.69	-.62	-.41	-.80	12.29	.05	.05	N	NC	81.0	6.5	46.3	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	32.50	31.25	31.25	-.88	-2.72	32.94	11.91	.11	-1.12	-2.90	-21.79	1.85	.47	Q	28.6	24.0	3.7	14.3	.40	1.3	11-28-83	110.6	4.1	1.3	5.73	14.56	0583
Divfood	GFPZ	16.88	15.75	16.38	.25	1.55	25.50	14.25	-.33	-1.02	-.76	35.42	.65	.06	N	10.0	110.0	15.8	24.8	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Hamburg Hamlet	HAMB	9.75	9.75	9.75	.00	.00	12.00	6.00	.10	-.29	-9.18	.00	-1.10	-2.45	F	-181.4	-22.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	56.75	54.75	56.00	.75	1.36	60.25	40.13	-.01	.06	-5.74	-13.58	3.04	.37	N	10.5	12.0	14.4	14.4	1.80	3.2	12-12-83	562.9	81.3	2.0	6.73	21.31	1282
Holiday Inns	HIA	48.88	45.75	47.75	-1.25	-2.55	59.00	34.25	-.21	-.25	-1.51	-21.10	2.50	.71	N	29.3	14.0	6.8	15.3	.84	1.8	12-19-83	1425.3	97.2	.9	11.74	25.35	1282
Horn & Hardart	HOR	21.88	19.00	19.63	-2.00	-9.25	30.78	13.50	-.67	-1.53	5.39	4.21	.70	.46	N	76.6	80.0	2.8	18.5	.00	.0	11-25-83	235.4	6.6	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	7.75	7.25	7.50	-.25	-3.23	12.25	7.25	-.04	-.62	.25	22.27	.00	-.78	F	-100.0	-6.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Imperial Grp	IMT	2.06	1.81	2.00	.13	6.67	2.06	1.56	.02	-.78	10.39	-23.71	.28	-.07	S	-19.4	-6.0	2.6	6.9	.11	5.5	09-27-83	7742.8	198.3	1.1	.54	1.92	1082
Intl Dairy Queen	INDQ	35.75	35.50	35.50	.25	.71	40.00	21.25	.01	-.37	5.92	19.70	2.17	.81	N	39.3	64.0	6.3	12.4	.00	.0	00-00-00	98.6	6.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	19.75	18.63	19.25	1.00	5.48	23.00	5.84	.34	-.89	2.11	-42.34	.92	.86	Q	296.5	65.0	4.8	16.7	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	14.38	14.00	14.25	.13	.89	18.13	10.38	.02	-.46	5.62	31.35	1.00	.07	F	7.5	19.0	4.1	14.3	.20	1.4	08-08-83	53.3	2.2	.9	6.38	5.84	0982
Jerrico Inc	JERR	18.25	17.75	17.75	.00	.00	23.13	16.25	.01	-.43	-2.11	11.78	1.33	.00	Q	.0	20.0	4.6	13.2	.12	.7	11-04-83	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	5.50	4.88	5.38	.00	.00	10.75	4.25	-.21	-.12	-4.50	-31.58	-.37	-.54	N	NE	-52.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	13.00	12.50	12.50	-.63	-4.76	18.75	12.13	-.60	-1.18	-2.60	-.67	.40	.18	S	62.0	56.0	6.3	26.6	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	31.25	28.50	28.50	-3.50	-10.94	43.75	16.41	-.83	-1.81	-3.20	22.60	1.32	.34	S	28.5	23.0	4.0	18.6	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	38.50	35.63	38.13	2.38	6.64	38.50	28.00	.28	.61	5.35	9.44	1.53	.18	Q	12.8	28.0	9.8	24.1	.60	1.6	12-12-83	141.4	13.9	1.6	.60	7.80	0883
Marcus Corp	MRCS	13.88	13.63	13.75	.13	.92	15.13	8.75	-.08	-.49	5.57	46.28	1.28	.27	S	23.6	7.0	6.1	9.8	.25	1.8	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	72.38	69.75	70.63	-1.25	-1.74	81.00	50.25	-.15	-.58	-2.60	1.72	3.44	.58	N	17.3	36.0	3.7	18.0	.44	.6	12-20-83	2541.4	94.3	.9	33.49	19.43	1282
McDonald's Cp	MCD	71.25	69.00	70.63	.50	.71	74.50	54.88	-.02	-.41	-1.06	-22.00	5.00	.65	N	13.3	23.0	11.1	12.8	1.00	1.4	10-25-83	2715.2	300.6	.5	17.62	25.51	1282
Morrison Inc	MORR	19.13	18.13	18.25	-.25	-1.35	21.06	15.94	-.11	-1.71	-.27	-18.03	1.34	.21	Q	17.9	14.0	4.5	13.2	.40	2.2	12-30-83	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	9.75	8.13	9.63	1.75	22.22	10.50	2.25	.41	1.27	4.62	4.03	.45	1.43	F	NE	-27.0	1.1	21.4	.00	.0	05-29-80	63.8	.7	1.1	4.26	3.76	0982
Nathans	NATH	3.00	2.75	2.75	-.25	-8.33	3.63	1.44	-.33	-.22	.20	.76	.09	.02	S	20.0	23.0	1.1	22.9	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	18.75	18.00	18.50	-.25	-1.33	32.75	14.25	.55	-.51	2.52	-16.05	.70	-.02	Q	-2.9	66.0	3.6	28.5	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	16.00	16.00	16.00	.00	.00	18.50	14.00	.08	-.27	-4.39	.00	.69	-.81	N	-90.0	-10.0	.4	177.8	.32	2.0	09-08-83	143.6	.6	.6	3.82	13.85	0982
Orange-co	OJ	7.75	6.63	6.63	-1.00	-13.11	8.00	4.75	-.03	-1.86	.37	10.19	.63	.88	F	NE	-15.0	2.6	10.5	.00	.0	02-22-82	76.3	2.0	1.6	13.11	4.72	0883
Peoples Rest	PEPL	7.38	6.75	6.88	-.50	-6.78	15.13	6.75	-.49	-.67	1.17	.85	.28	.10	Q	47.6	106.0	7.5	22.2	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
Piccadilly Caf	PICC	13.25	13.13	13.25	.13	.95	18.13	12.75	-.26	-.12	5.26	48.44	.99	-.49	Q	-35.5	3.0	3.9	14.9	.60	4.5	12-09-83	152.7	6.0	1.6	.00	7.71	0683
Pizza Inn	PZA	14.50	13.00	14.25	1.00	7.55	17.50	5.47	-.34	.24	-2.84	6.82	.55	.70	N	179.4	9.0	1.3	13.1	.06	.4	10-28-83	135.1	1.7	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	8.88	7.63	7.63	-1.63	-17.57	26.00	6.38	-.06	-2.59	.28	17.11	1.27	-1.69	N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	21.75	20.13	21.63	1.00	4.85	25.25	15.00	.26	1.22	-4.13	57.20	1.50	-.41	N	-25.7	-5.0	2.8	18.3	.33	1.5	12-14-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	10.38	9.88	10.00	-.38	-3.61	11.88	4.88	-.30	-.28	-4.80	-8.27	-.73	.15	N	NE	-30.0	-3.6	NE	.00	.0	10-19-81	547.5	-19.8	.6	18.50	5.12	1282
Restaur Assc	RA	8.00	7.75	7.88	-.13	-1.56	11.38	5.63	-.05	-.74	1.99	16.10	.77	.12	N	19.3	37.0	1.8	10.6	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	23.50	22.63	23.25	.00	.00	28.25	8.25	-.10	-.20	-6.71	-1.66	.33	.13	N	40.6	87.0	10.6	51.7	.00	.0	04-20-83	9.4	1.0	3.1	.34	1.61	1282
Saga Corp	SGA	32.50	30.00	31.25	-1.13	-3.47	40.25	19.38	-.01	.47	2.68	-36.80	2.10	.49	Q	28.9	73.0	2.3	14.3	.36	1.2	11-14-83	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	9.00	9.00	9.00	.00	.00	15.50	9.00	-.74	-.31	4.48	-45.71	.70	-.17	Q	-21.5	19.0	4.5	14.5	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	8.50	7.75	8.13	.25	3.17	15.00	7.13	1.25	-.76	-5.03	23.22	.02	-.81	N	-155.7	-14.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	16.50	15.75	16.00	-.25	-1.54	17.94	10.22	.14	-1.03	-.85	4.23	.67	-.35	N	-36.8	26.0	1.5	26.7	.00	.0	09-09-83	138.1	2.1	1.1	59.81	5.64	1282
Shoney's Inc	SHON	24.88	23.25	23.63	-1.38	-5.50	27.38	20.06	-.26	-.20	2.48	-4.73	.86	.26	N	35.6	26.0	5.1	23.9	.16	.7	01-04-84	324.9	16.6	1.0	2.65	5.02	1082
Sizzler Rest Intl	SIZZ	13.00	11.75	13.00	.00	.00	16.25	10.13	-.23	.81	-1.39	3.82	1.01	.09	S	9.7	16.0	4.5	12.9	.00	.0	00-00-00	128.0	5.8	1.0	2.33	4.63	0482
Skippers	SKIP	9.75	9.25	9.25	-.50	-5.13	15.50	4.84	-.75	-1.09	-3.64	-9.97	.48	.45	N	121.6	18.0	2.6	11.3	.06	.6	10-11-83	38.1	1.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	17.50	16.50	17.50	1.00	6.06	22.00	16.50	.12	.93	.67	33.33	.37	.56	N	90.3	5.0	.9	14.8	.26	1.5	10-05-83	80.1	.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	4.75	4.63	4.63	-.13	-2.63	7.50	3.63	-.05	-1.05	-2.28	10.96	.27	.07	S	29.1	89.0	3.8	14.9	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	9.50	9.13	9.13	.13	1.39	10.00	3.44	.20	-1.50	.60	-43.54	.29	.11	F	61.1	44.0	2.0	31.5	.00	.0	05-17-79	64.4	1.3	1.1	4.94	2.76	0982
Victoria Stations	VSTA	8.13	7.38	7.75	-.25	-3.13	13.63	5.88	-.12	-1.05	.40	-36.43	-2.39	-2.27	S	NE	-82.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	21.25	20.25	20.75	.38	1.84	22.00	13.00	.15	-.35	-3.26	-25.09	1.13	.19	N	17.4	22.0	7.3	16.2	.32	1.5	11-03-83	604.3	44.1	.8	2.53	6.50	1282
Webb Del E	WBB	18.88	17.63	18.63	1.00	5.67	25.00	9.63	-.06	.59	-3.28	-2.41	.16	1.44	N	NE	-18.0	.5	31.6	.00	.0	11-07-80	311.2	1.5	.9	11.32	13.71	1282
Western Steer	WSMP	13.00	11.75	12.00	-1.25	-9.43	17.50	9.50	.46	.16	4.60	1.08	.92	-.07	N	-6.1	7.0	3.1	11.3	.16	1.3	08-29-83	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	15.88	15.50	15.63	-.13	-.79	17.13	10.69	.53	-.28	-1.00	-85.72	.63	-.03	N	-4.7	11.0	2.6	26.0	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

Sizzler franchisee goes public

METAIRIE, La.—An eight-unit Sizzler budget steakhouse franchisee has developed a Mexican dinnerhouse operation called Cucos, and has taken the fledgling company public.

Cucos Inc. (spelled without the apostrophe) sold at least 600,000 shares of common stock priced at $5 each to raise $3 million.

Vincent J. Liuzza Jr., the 42-year-old chairman, chief executive and president of Cucos, and other insiders came out of the public offering with two-thirds of the company's stock still in their hands.

Cucos is a chain of three restaurants serving moderately priced Sonoran-style Mexican appetizers and entrees.

But Cucos executives figure they have an edge over more established Mexican dinnerhouse competitors because Cucos operations are well-suited to converting ailing or defunct restaurants.

All of the Cucos sites, for example, were carved out of Sizzler units Liuzza operates through another company. The first Cucos opened in this New Orleans suburb June 1981 in a 3,800-sq.-ft. Sizzler steakhouse.

Proceeds from the stock sale will be used to open two more Cucos by June, with six more by June 1985. Cucos expects to franchise to current licensees of Western Steer, Pizza Inn, Ponderosa and Denny's, all of which have buildings suitable for conversion.

In the three months ended Sept. 30, Cucos posted $32,947 in net profits, a 58% gain over the year before, on a 2% revenue increase to $670,151.

McFaddin Ventures in bid to go public

HOUSTON—McFaddin Ventures, the savvy disco operator known for the élan, Cowboy and Confetti nightclubs, has filed a plan to go public.

The company, formerly called McFaddin Kendrick, plans to sell 1.25 million shares of common stock, about a third of the firm, for $12 to $15 per share. That could raise up to $19 million, which would be used for expansion and debt repayment.

McFaddin Ventures, which also has interests in hotels, gets 75% of its sales from alcoholic beverages, 11% from cover charges and 8% from food service.

In the nine months ended Aug. 31, McFaddin posted net profit of $2.25 million, a gain of 100% over the same period a year before. Revenue at the same time jumped 40%.

The company operates 19 nightclubs, mainly in Texas, and expects 10 more this year. The first club was Todd's, opened in Houston in 1975.

McFaddin is known in the industry for rapidly changing a club's theme as fads wax and wane. It opened the first Cowboy club in Houston at the height of the country-and-Western fad, only to switch out recently to Confetti. Part of the movie "Urban Cowboy" was, in fact, filmed at the McFaddin operation.

Taco Viva reports 1st qtr. profits up

POMPANO BEACH, Fla.—Taco Viva reported net profits of $235,000 for the first quarter ended Aug. 31, an 11% increase over the same quarter last year.

Revenues, meanwhile, were up 50% to $5.1 million.

Sales were "greater than anticipated," said president J. Brion Foulke III, because 10 new restaurants were opened during the quarter.

But Foulke added that profits were "somewhat below what we had anticipated" because of costs incurred by the Boynton Restaurant Supply subsidiary. Sales for the subsidiary were up 22%, however.

At the company's annual stockholders meeting, executives disclosed steps taken to redeploy assets and reduce overhead in order to improve profits.

These included: closing a low-volume unit acquired in the Tacos Ole merger; reducing the staff and reassigning some members into other positions; selling some industrial lots, and stopping a breakfast test that had high labor costs.

Taco Viva operates 57 fast-service Mexican-style restaurants in Florida and Georgia. It expects to open three more units during the second quarter.

Kelly-Johnston posts 83% profit gain

OKLAHOMA CITY—Kelly-Johnston Enterprises Inc. posted an 83% gain in net profits to $1.14 million for the second quarter ended Sept. 30 compared to last year's second quarter.

Second-quarter revenue rose 115% to $21.6 million.

Six-month net was $1.87 million, up 67% over 1982's period, and revenue was $34.3 million.

Kelly-Johnston owns Duff's Enterprises which operates 34 and franchises 99 smorgasbord cafeterias in 27 states. Kelly-Johnston acquired Duff's one month into the second quarter.

Kelly-Johnston is also a franchisee of 24 Chi-Chi's Mexican dinnerhouses and it is developing a group of seafood dinnerhouses called Joe Kelly's.

Chairman Arthur M. Kelly indicated that Kelly-Johnston is imposing strict management and cost controls throughout the Duff's chain.

Folks plans to offer stock to raise $3.9 million net

CINCINNATI—Folks Restaurants Inc., a two-unit Po Folks franchisee, has filed a plan with Government regulators to offer up to 550,000 shares of common stock priced at $8 per share in an initial public offering.

The estimated $3.9 million in net proceeds would be used to build new units. The company owns the right to develop 83 Po Folks restaurants in parts of Ohio and Pennsylvania through 1994.

The company's insiders will retain about 23% of the company's stock. Executives include veterans of Red Bull Inns, Howard Johnson's and Zim's coffee shop chain of San Francisco.

Esteban's turns losses around, posts 3rd qtr. profit; revenues up

MINNEAPOLIS—Esteban's Mexican Foods reported net profit of $275,086 for the third quarter, ended Oct. 1, compared to a loss of $136,008 during the same period last year.

Revenues for the quarter jumped 57% to $2.8 million.

For nine months net profit was $459,944, compared to a loss of $293,083 last year, while sales were up 54% to $7.5 million.

R. Stephen Tanner, chairman and president, said restaurant sales increased 37% during the quarter. He attributed that mostly to the opening of three new units.

About 35% of total sales in the quarter were registered by the Arden Foods subsidiary, which produces a line of Charrito-brand Mexican foods and various entrees and desserts for restaurants, institutions and vending machines.

The company owns six Esteban's restaurants and franchises three others.

Associated Hosts net profit up 84% in '83

BEVERLY HILLS, Calif.—Associated Hosts has reported fiscal 1983 net profits for the year ended Sept. 29 up 84% over last year to $3.2 million. Revenues were up 12% to $88.3 million.

For the fourth quarter net income was $943,000, compared to $144,000 during the same period last year. Revenues increased 24% to $23,104,000.

Joseph Bulasky, chairman of Associated Hosts' board, attributed the company's financial growth rate to the continued expansion of the Bombay Bicycle Clubs concept. During the fourth quarter, five additional Bombay Clubs were opened, bringing the total to 21.

"Our Bombay Bicycle Clubs are more profitable than the Smuggler's Inns they replace and are generating substantially greater revenues across the nation. We intend to continue this conversion program in fiscal 1984 and will open four or five converted units each quarter throughout the year," said Bulasky.

Associated Hosts operates 78 restaurants and three hotels in 26 states.

Rax Restaurants doubles net profit to $20.3 million

COLUMBUS, Ohio—Rax Restaurants Inc. more than doubled first-quarter net profits from last year, scoring $1.4 million for the quarter ended Oct. 29, up from $680,000 the same time in 1982.

Revenue rose 34% to $20.3 million from last year's first quarter.

The company operates 90 and franchises 175 fast-food outlets in 27 states.

Chairman J. Pat Ross credited the advances to an 18% gain in shop-level sales. Two new menu items—the Philly Beef sandwich and Mexican-styled baked potato—were promoted during the quarter.

Bob Evans profits up

COLUMBUS—Bob Evans Farms' restaurant division posted a 12.5% rise in net profits to $2.7 million on a 17% sales increase to $31.7 million for the second quarter ended Oct. 28 compared to the same period a year earlier.

In the first six months of fiscal 1984, the restaurant division reported an 11% increase in net profit to $5.1 million on a 16% rise in sales to $61.5 million compared to the first half of fiscal 1983.

Total net profits for the company, which also operates a sausage division, rose 20% to $4.1 million on a 6% increase in sales to $51.6 million in the second quarter. Profits rose 24% to $8.2 million on a 6% sales increase to $98.9 million in the first six months.

Five restaurants were opened in the second quarter, bringing to 101 the number in operation at the end of the first six months, compared to 86 operating a year earlier. Three additional Bob Evans family restaurants will open in the third and fourth quarters.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Associated Hosts	12 mos. 3 mos.	9/29			$ 88.3 23.1	12.0 24.0	$ 3.200 0.943	84.0
Bob Evans Farms	3 mos. 6 mos.	10/28	$ 31.7 61.5	17.0 16.0			2.700 5.100	12.5 11.0
Carrols Corp.	3 mos. 6 mos.	11/30			29.7 62.2	40.0 43.0		
Chi-Chi's	3 mos. 6 mos.	10/31			37.9 74.3	59.0 68.0	4.300 8.000	83.0 81.0
Esteban's Mex.	3 mos. 9 mos.	10/1	7.5	54.0	2.8	57.0	0.275 0.459	
Kelly Johnston	3 mos. 6 mos.	9/30			21.6 34.3	115.0 86.0	1.140 1.870	83.0 67.0
Luby's Cafeterias	3 mos.	11/30			38.9	14.0	3.600	14.0
McFaddin Ventures	9 mos.	8/31			22.4	40.0	2.250	100.0
Morrison	3 mos.	11/26			227.0	10.0	9.800	14.0
Multifoods	3 mos. 9 mos.	11/30	285.0 783.0	– 5.0 – 5.0			13.600 24.800	11.0 4.0
Nathan's Famous	3 mos. 6 mos.	9/25 9/25			6.0 11.0	9.0 10.0	0.611 1.000	11.0 13.0
Pancho's Buffet	12 mos. 3 mos.	9/30			25.3 7.3	4.5 18.0	1.160 0.439	41.0 13.0
People's Rests.	3 mos. 12 mos.	6/26	27.3	368.0	11.9		0.718 1.800	132.0
Rax Restaurants	3 mos.	10/29			20.3	34.0	1.400	
Taco Viva	3 mos.	8/31			5.1	50.0	0.235	11.0
Western Steer	3 mos. 9 mos.	11/4			9.0 24.7	28.0 25.0	0.494 0.949	65.0 44.0

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.